





## Lange tries to paper over Cabinet rift

BY OUR FOREIGN STAFF

THE New Zealand Cabinet tried to paper over deep internal rifts about taxation reform at a four-hour meeting yesterday which ended with no resignations, to the relief of the financial markets.

Mr David Lange, the Prime Minister, and Mr Roger Douglas, the Finance Minister, said they remained committed to the proposals which were published in December and withdrawn for review on Thursday, prompting Mr Douglas to abandon a European tour and fly home.

Financial market operators said they were relieved to hear that there were no resignations as Mr Lange and Mr Douglas tried to calm fears about a split between them. There had been fears that Mr Douglas would resign, upsetting confidence in the financial and currency markets, unless he received guarantees that his strategy remained in place.

But one dealer said: "There are still a lot of questions out there. What are the rates going to be and when will the measures be enacted?"

Mr Lange withdrew the tax reform plans because he said they needed more detailed work. They were to have been implemented in October and included a single rate tax for individuals and companies which some commentators speculated could be as low as 20 per cent compared with the present top rate of 48 per cent.

Mr Lange's objections, supported by some Cabinet members including Mr Geoffrey Palmer, the deputy Prime Minister, centred on the fact that in spite of revisions to the family income support scheme some lower-income and self-employed people would be worse off under the package.

An attempt to find unity between Mr Lange and Mr Douglas in a joint statement that there could be some changes in the details. "If, for practical reasons of equity or fiscal responsibility, the (period of) development throws up a need for a variety of modifications of the detail, our intention is to face that and resolve it soundly," they said in an uncharacteristic piece of obscurity.

The New Zealand dollar rose in response to the joint statement, closing at 88.50 U.S. cents against 86.20 at the open and Friday's close of 85.90. Share prices fell slightly in response to the quiet trading.

Editorial Comment, Page 16



Frawiro: no rescheduling

## Prudent Jakarta faces uphill battle on debt

John Murray Brown reviews the cautious role of a government in the running of its finances

"SOMETIMES A BORROWING is like an umbrella," says Mr Radius Frawiro. "You have it. But you don't have to use it." As Indonesia's finance minister he must be wondering just how weather proof the policy will be at a time when the rising yen and uncertain growth prospects of the country's main trading partners make it increasingly hard to service the country's \$35bn foreign debt, among the highest in Asia.

Debt repayments both of principal and interest are set to rise 57 per cent under the 1988-89 budget, accounting for over half of routine expenditures. Capital spending is now more than ever dependent on additional foreign aid, either in the form of grants or new borrowings, albeit at soft terms. The World Bank projects debt service charges will absorb 38 per cent of the country's exports in 1988.

Of the total public sector foreign debt, which does not include loans to Pertamina, the

state oil company, and Garuda, the national airline, some \$9bn is to banks, \$9.6bn is backed by official export credit agencies, and the remainder in multilateral or bilateral credits, according to Central Bank figures as of June 1987.

In presenting the budget to parliament this month President Suharto said Indonesia would "continue to honour its debt." Such prudence has long been the hallmark of Indonesia's debt policy. The government has avoided rescheduling by seeking soft-loan terms and maintaining a cushion of undischarged commercial standby credits, currently at \$2.3bn, to

prop up central bank reserves of \$6.5bn, enough for 6 months of exports.

Rescheduling has again been ruled out. "Once you decide to reschedule there would be no capital inflow as in the case of Latin America," says Mr Frawiro. Bankers believe it would affect the ability of the private sector to tap offshore borrowings which at a time of high domestic interest rates have become the main source of working finance for many companies.

For all that, many economists feel the government should take a more active role in managing the debt, particularly since much of it is denominated in the strengthening yen. According to one estimate, if Indonesia had availed itself of various swap facilities to counter the yen's appreciation, it would have reduced debt repayments in 1986-87 by as much as 20 per cent.

Over the same period the International Monetary Fund

calculates that currency adjustments added around \$3.6bn to the debt.

Indonesia's recent forays into the capital markets - signing a \$50bn 10-year syndicated credit in April and a \$300m 8-year syndicated loan in November - underlined how in the absence of European and US interest Japanese banks now increasingly dominate Indonesian lending.

Bankers believe a more radical solution is needed, to stretch out debt maturities which are now bunching - another reason for the sharp rise in repayments. In 1988-89 principal repayments are set to rise 34 per cent to \$3.6bn and will exceed \$4bn for each of the next three years.

Like any good company accountant Mr Frawiro is quick to point out that principal repayments are more than covered by capital inflows, either new credits or direct capital investment. But as one western banker put it, "if Indonesia was

really a company it would be refinancing on a daily basis."

Indonesia's reluctance to do so is as much political as economic. The last major rescheduling of government debt in 1966 marked a symbolic break with the profligate ways of the former regime, coming as it did 15 months after President Suharto seized power after a failed leftist coup. Of the \$2bn foreign debt inherited from the former President Sukarno, much of it was converted into long-term loans at concessional rates, under agreement with the Paris Club and various Com-econ countries.

Within the last twelve months the government has had to put its own house in order, rescheduling debts of Pertamina which in 1976 collapsed owing more than \$10bn. Many of the specialists drafted in to deal with that crisis are today heading the country's economic policy. Their caution now is perhaps hardly surprising.

## Iraq tries to persuade Moscow to push for Gulf war ceasefire

BY RICHARD JOHNS

MR TAMIQ AZIZ, the Iraqi Foreign Minister, flew to Moscow yesterday with the objective of persuading the Soviet Union to give more urgency to UN Security Council moves to bring about a ceasefire in the Gulf.

Council Resolution 598 which called for an end to the fighting.

Mr Aziz arrived hard on the heels of Prince Saud al Faisal, his Saudi Arabian counterpart, who left on Saturday having delivered a message from King Fahd. Belayed on behalf of the Gulf Co-operation Council, it was understood to endorse the need for an urgent Security

Council meeting on the question of an arms embargo against Iran.

His visit comes amid mounting frustration on the part of Iraq and the conservative Arab GCC states at the lack of movement at the UN towards sanctions against Iran.

Baghdad has been critical of the Soviet Union, its main arms supplier, for the long delay in

progress towards implementing Resolution 598. Western diplomats also accuse Moscow of dragging its feet on the issue of an arms embargo. It is apparently holding out, as a quid pro quo, for agreement on a UN naval force.

On his departure from Moscow for Washington, where he is expected to deliver a similar message, Prince Saud was

quoted by the Tass news agency as saying that Saudi and Soviet views on the Gulf "coincide". The Saudi Foreign Minister held talks with Mr Eduard Shevardnadze, his Soviet counterpart.

While acknowledging that the exchanges were probably polite, Western diplomats believe that the Soviet Union is continuing to be ambivalent about a ceasefire not only because of its wish for greater direct involvement in a Gulf peacekeeping role but also out of concern about Iran's ability to disrupt any settlement in Afghanistan.

## Commonwealth group seeks wider sanctions

By Victor Mallet in Lusaka

EIGHT Commonwealth Foreign Ministers, meeting in the Zambian capital Lusaka, yesterday made their opening moves in a campaign to reinforce and extend economic sanctions against South Africa.

The committee was established by last year's Commonwealth summit in Vancouver in the face of opposition from Margaret Thatcher, the British Prime Minister. Britain is not taking part.

Chaired by Mr Joe Clark, the Canadian Secretary of State for External Affairs, the group is attempting to keep the issue of apartheid in the forefront of international politics.

President Kenneth Kaunda of Zambia, after a ritual cry of "one world, one revolution", opened the meeting by suggesting that the ministers should try to influence opponents of sanctions and send subsidies to the US, Britain, West Germany and Japan.

"It is clear to me that some of the right-wing forces in the northern hemisphere today, oppose sanctions purely on the grounds of protecting their heavy investments in that unhappy country, South Africa," Dr Kaunda said.

The recent growth of the anti-sanctions lobby has been a constant theme at the meeting, which ends today. Mr Sridath Ramphal, Commonwealth Secretary General, described the committee's task as daunting. "Times have worsened for the opponents of apartheid," he said.

The committee will examine the effectiveness of sanctions applied so far and study South Africa's links with the international financial community.

## Indian troops crack down on Jaffna rebels

INDIAN troops detained 54 Tamil guerrillas yesterday, taking arrests in a three-day crackdown on Sri Lanka's northern Jaffna Peninsula to 188, Reuter reports from Colombo. A large quantity of arms and ammunition was also seized in the sweep which began on Saturday across the Vadamarchchi region, Indian officials said.

One rebel group forced a strike in Batticaloa district to protest against the arrest of its leaders. Another set off a landmine near Trincomalee under a Sri Lankan army patrol injuring 13 soldiers, military officials said.

The independent Sun newspaper said Indian troops were moving in on Vepullai Prabhakaran, Sri Lanka's most wanted rebel leader, but Indian sources said they could not confirm the report.

**Bhutto party shuffle**

The Punjab Province leadership of the opposition Pakistan People's Party has resigned to enable Ms Benazir Bhutto, the party leader, to restructure it, the party said yesterday. Reuter writes from Karachi.

**Philippine poll**

Muslim rebels disrupted elections in three towns in the south of the Philippines yesterday in regional polls delayed by fears of violence. AP reports from Manila. Voting also was delayed in Marawi city, 515 miles southeast of Manila. Channel 7 television reported.

## S African liberals seek greater unity

BY ANTHONY ROBINSON IN JOHANNESBURG

SOUTH AFRICA'S fragmented "liberal" white opposition parties are seeking closer co-operation against the background of a resurgent right-wing Conservative Party and possible early general elections later this year.

This emerged from a weekend meeting of the Progressive Federal Party executive called specially by the party after its humiliating defeat in last May's whites-only elections. The PFF then lost its status to the CP as the official opposition.

The party suffered its defeat badly, re-awakening discontent among so-called "young turks" with Mr Colin Eglin who resumed the leadership after the surprise resignation of Mr Frederik van Zyl Slabbert two years ago.

Mr Ken Andrew, chairman of the PFF's federal council said the party has had several contacts with the two most prominent independent "dissidents", Mr Wynand Malan and Mr Denis Worrall, the former ambassador to London. The two men fought the election together as part of the fledgling Independent Movement but split over policy and personality differences. Mr Malan, a former National Party MP was the only independent to win a seat and is now leader of the National Democratic Movement which hopes to act as a focus for white or reform-minded Afrikaners and extra-parliamentary groups.

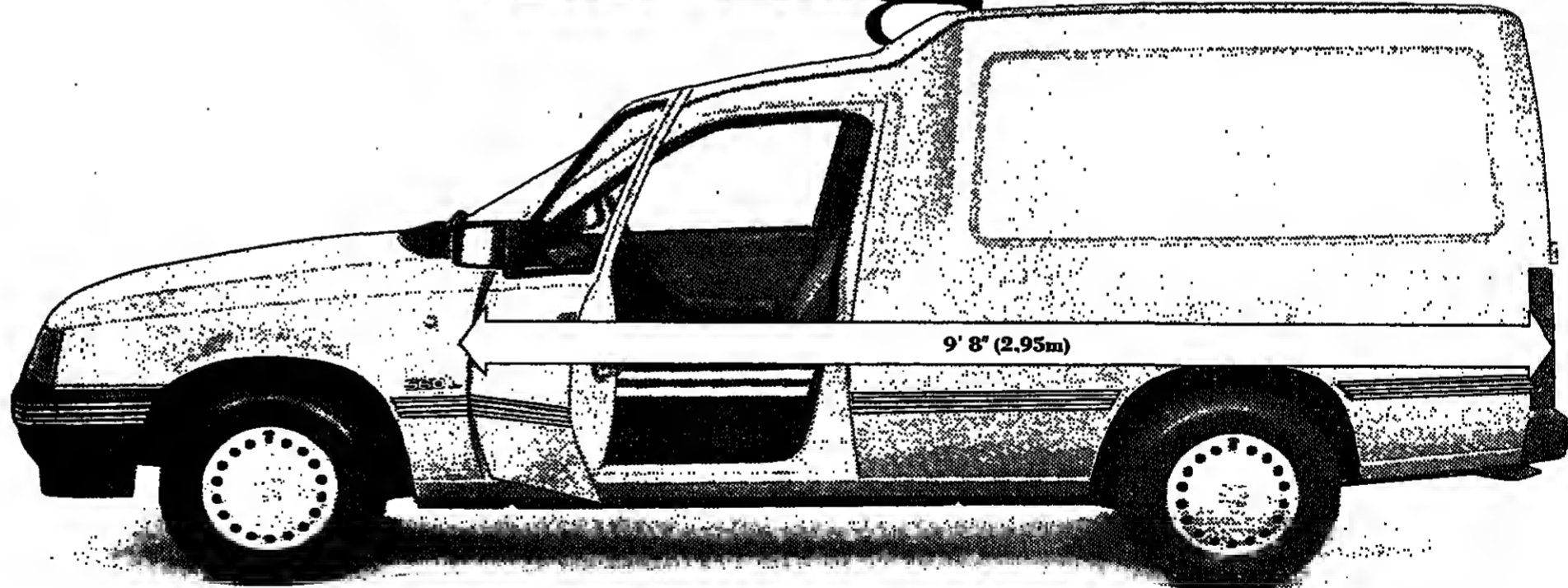
After his exclusion from the NDM leadership Mr Worrall, who narrowly missed defeating Mr Chris Neunzi, the Minister for Constitutional Development, ploughed on with plans to establish his own Independent Movement which emphasises

the need to conduct the reform struggle through parliamentary rather than extra-parliamentary channels. Re-convenes on Friday with a policy speech by President P.W. Botha. This year's opening is being preceded by a closed meeting between the President and selected businessmen. It is expected to concentrate on ways to reduce inflation and speed up privatisation and deregulation of the economy.

Good rains and strengthening signs of economic recovery have shortened the odds on snap elections this year. The deciding factor is expected to be the outcome of March by-elections in three Transvaal seats won by the CP in the May elections.

The elections in rural Schweizer-Eenecke and Standerfont and those in the suburban Johannesburg seat of Sandfontein caused by the death of Mr Corrie Mulder are eagerly awaited as an indication of whether the Government has managed to stem or turn back the CP onslaught.

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BACKED BY THE WORLDWIDE RESOURCES OF GENERAL MOTORS

WORLD TRADE NEWS

US and Peking to limit Chinese textile imports

BY ROBERT THOMSON IN PEKING

THE US is due to sign a bilateral textile agreement in Peking today strictly limiting the increase in China's exports to the US.

UK-led group wins Istanbul road tender

By Jim Dodgson in Ankara

ISTANBUL municipality has chosen a UK-Turkish-Japanese consortium to build a highway through the city along with a fourth bridge across the Golden Horn at a cost of about \$250m.

Drug groups start Delhi refunds

BY JOHN ELLIOTT, RECENTLY IN BOMBAY

LEADING pharmaceutical companies, including multinationals such as Hoechst, Cynamid and John Wyeth, have started paying the Indian Government about Rs140m (\$10.7m) in refunded price rises.

As 31 pharmaceutical companies in India linked to foreign owners, 24 have reduced their foreign equity to 40 per cent in line with the Foreign Exchange Regulation Act, which technically makes them Indian companies.

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HK port container business up 25%

By David Dodwell in Hong Kong

HONG KONG last year seemed certain to have overtaken New York and Rotterdam to become the world's busiest container port, according to government statistics released yesterday.

Ontario's top critic of US trade deal turns to Europe

BY DAVID OWEN IN TORONTO

MR DAVID PETERSON, Ontario's prime minister and one of the most prominent critics of the US-Canada free trade deal arrives in London today for a brief visit.

Table with 2 columns: Exports (\$m), Imports (\$m). Rows for 1982, 1983, 1984, 1985, 1986.

Mr Peterson has turned the political establishment of Canada's most powerful and populous province into the centre of a minority Liberal government.

Mr Peterson is also keen to drum up the right sort of foreign direct investment. "We are looking for technological joint ventures," he says.

NICs 'not' weakened

BY WILLIAM DUFFORCE IN DAVOS

THE TRADING capacities of Hong Kong, Singapore, South Korea and Taiwan would not be significantly weakened by the US decision to withdraw their special trading privileges from next January, Mr Clayton Yeutter, the US Trade Representative, said.

The choice of the UK-led group for the highway between Besiktas and Saray is another promising development in the UK contracting push for projects in Turkey.

In the Higher Planning Council (HPC), the country's supreme economic planning body, there is also a strong faction arguing for development cuts and municipalities have come under fire for overspending.

AMERICAN NEWS

Ecuador government candidate defeated

By Serrita Kendall in Quito

MR SIXTO DURAN, the candidate chosen by the government in Ecuador's presidential election yesterday admitted defeat after coming third in the first round run-off.

Edwin Meese's ethics again put under scrutiny

BY STEWART FLEMING, US EDITOR IN WASHINGTON

REPORTS THAT Mr Edwin Meese, the US attorney general, knew of a proposal by his close friend Mr Robert Wallach to make possibly illegal payments to the Israeli Labour Party, have raised renewed questions about the ethics of a man whose financial affairs have been under continual official investigation since he left the White House to head the Justice Department in 1984.



Edwin Meese, last of Reagan cronies

Mr Wallach reportedly wrote a memo to Mr Meese outlining the proposal to make the payments, a copy of which was found in Mr Meese's files.

McKay, Mr Howard Baker, the White House Chief of Staff, has confirmed that he was briefed about the investigation by Mr McKay last week.

On the basis of newspaper reports would be like "pitching people to the lions without proof... I see no reason for the President to take any action unless and until it is made to appear that Mr Meese has done something wrong," he said.

The new reports about Mr Meese, however, could provide Democrats with ammunition for a broader attack on the Reagan Administration. Parallels are being drawn for example between the Iran/Contra scandal which undermined President Reagan's credibility last year and the efforts by Mr Meese's associate Mr Wallach to promote the construction of the oil pipeline between Iraq and Jordan.

Among the parallels, which Mr Baker dismissed on Sunday as "intriguing" are the mingling of private business and American foreign policy considerations in a venture in a highly sensitive area of the world.

Colombia may hold drug curb plebiscite

By Robert Graham in Bogota

PRESIDENT VIRGILIO BARCO of Colombia has proposed a plebiscite to allow changes in the constitution as a further move to combat terrorism and the power of the drug barons.

Mexico begins month-long devaluation

By Our Correspondent in Mexico City

A REGULATED slippage of the Mexican peso begins today in which the currency will lose an average of 3 pesos against the dollar every working day this month, devaluing it by a total of 2.7 per cent.

David Gardner reports on the latest challenge to the position of General Noriega

Panama's strongman under siege

PANAMA'S MILITARY strongman, General Manuel Antonio Noriega, under siege since last June from his country's opposition, the private sector, and the US administration, and heading for a cash crunch, now faces a potent threat from within the dwindling ranks of his own supporters.

Mr Jose Blandon, a key adviser to this regime and its popular predecessor led by the late General Omar Torrijos, has called openly on Gen Noriega to surrender leadership of the 15,000-strong National Guard which de facto rules the country.



General Noriega

General Noriega became head of G-2, military intelligence) with a network of followers on the populist, Torrijista left of the PRD, swiftly counterattacked. He revealed the details of his plan, started leaking cables exchanged with Gen Noriega during its genesis, and, most damaging of all, he has threatened to reveal the regime's most compromising secrets.

Confidence in Panama's three quarters service-based economy based on the free transit of ships through its canal, of a \$4.4bn volume of goods through its free trade zone, and of money through its banks (where booked assets have fallen 60bn since the crisis began), is fast ebbing.

By next month, Panama will run out of money, according to Mr Picuarie Vazquez, the Planning Minister. It now has only between \$70m and \$80m in total treasury reserves, and as a dollar economy has no means of either printing money or devaluing Panamanian banks during the political crisis have lost half their liquidity and trigger further calls on them could trigger a rash of closures.

The opposition press, closed since July, reopened 10 days ago firing from all barrels. On December 30 Washington sent a senior Pentagon official to tell Noriega it backed the "Blandon Plan" and wanted him out.

Well-founded allegations that Gen Noriega armed Colombia's M-19 guerrillas, for example, have been around since at least 1982 and the US could hardly have been unaware of them. But Washington now has a different attitude and would seem to be acting on it in Panama.

This was the first such meeting since the Barco administration took office 18 months ago, when it broke with tradition by governing without any opposition ministers. The meeting has been welcomed as a sign of Mr Barco trying to revive consensus politics in the wake of last Monday's assassination of Mr Carlos Mauro Hoyos, the Attorney General.

## Ford pay peace hits opposition on factory floors

BY CHARLES LEADBEATER, LABOUR STAFF

FORD Motor's three-year pay and conditions offer to its 32,500 manual workers was yesterday facing mounting opposition. A national strike was narrowly averted on Sunday night after union negotiators agreed to recommend that workers accept the deal.

Union negotiators recommended the package after the company agreed to increases of 2.5 per cent above the rate of inflation for the past two years of the deal, up from an earlier offer of rises exceeding inflation by 2 per cent. The offer for 1987-88 was unchanged at 7 per cent.

The strike had looked set to proceed when talks broke down last Thursday after the unions rejected the earlier offer.

While all unions said they were bound by the negotiating team's decision, it seems almost certain that shop stewards at both major plants, Halewood in Liverpool and Dagenham in east London, which together employ 20,000 manual workers, will make separate recommendations that the offer be rejected.

The Bridgend and Swansea plants in south Wales, which voted for industrial action by more than 95 per cent, are also thought likely to vote against the offer, officials said.

The deal would be likely to be rejected if it is also opposed by workers at the Basildon tractor factory and the Southampton van plant, both in southern

England.

Opposition from Transport and General Workers' Union stewards, who represent production line workers, is significant since union officials believe that Ford thought the support of the TGWU's 21,000 members would carry the deal, despite opposition from the company's approximately 9,000 skilled workers. Skilled workers will be most affected by the company's proposals for changes to working practices.

A recommendation to reject the offer is also likely from stewards of the AEU engineering union, representing skilled and unskilled workers, along with Tass and the EETPU electricians' union, representing only skilled workers.

Union officials said hostility towards the offer would be fuelled by what they described as the company's mishandling of the final stages of negotiations on Sunday night.

The company told the unions that its improved offer would be withdrawn if the unions put it to a ballot without a recommendation to accept.

In the unions' negotiating team's first vote, 33 were against recommending the offer with 18 in favour. Had the unions stood by that vote the national strike would almost certainly have gone ahead.

After this was made clear, the team decided to recommend the deal by 25 votes to 18, with most full-time officials abstaining.

Kieran Cooke in Dublin previews today's meeting of the Anglo Irish conference

## Minister faces grilling from Irish

MR TOM KING, the Northern Ireland Secretary, faces tough questioning today when he faces Irish ministers at a special meeting in Belfast of the Anglo-Irish conference, the body set up under the terms of the 1985 Anglo-Irish agreement which gives the Irish Government some say in the affairs of the North.

At issue is the announcement last week by Sir Patrick Mayhew, the Attorney General, that no prosecutions would be made against officers of the Royal Ulster Constabulary following an inquiry into allegations that sections of the RUC were involved in a shoot to kill policy in 1982.

These allegations led to an inquiry initially conducted by Mr John Stalker, formerly chief constable of Manchester. Mr Stalker was replaced in controversial circumstances in 1986 by Mr Colin Sampson, chief constable of West Yorkshire.

On Monday last week, Sir Patrick said that no prosecutions would be pursued against any RUC officers despite evidence unearthed in the inquiry of a conspiracy to pervert the course of justice. Sir Patrick cited reasons of "national security" for not prosecuting.

Sir Patrick's statement has caused anger both among the minority Catholic nationalist community in the North and also in Dublin, where a government spokesman has described



Armed police outside the Old Bailey criminal court in London where IRA bomber Patrick Magee yesterday had his appeal against conviction for the 1984 Brighton bombing quashed.

it as a breach of the 1985 agreement.

The Irish side at the Belfast meeting will be represented by Mr Gerry Collins, the Minister for Justice, and Mr Ray Burke, the Minister for Energy.

Mr Collins has made the strongest statement so far on Sir Patrick's announcement, saying that the Attorney General, by failing to press charges against RUC officers known to have been involved in attempts to subvert the course of justice,

had shown he was "unfit to hold office."

Mr Collins' remarks led to a British complaint but they have so far not been withdrawn.

While Mr King has said that disciplinary action could still be taken against some RUC officers, the Irish Government will be asking exactly what interests of "national security" persuaded Sir Patrick and the Director of Public Prosecutions in Northern Ireland not to prosecute. They are also likely to ask for full details of the Stalker-Sampson report.

The Irish Government clearly feels that London has run against vital parts of the Anglo-Irish agreement, in particular sections which call for measures to improve relations between the nationalist community in the North and the security forces, and those which talk of increasing confidence in the administration of justice in the province.

Some Irish politicians have called for a complete review of the Anglo-Irish agreement.

## Woolworth offshoot 'target of bugging during takeover bid'

BY RALPH ATKINS

A SECURITY consultant engaged by Dixons, the electrical retailer, was behind illegal telephone tapping of the buying director of Comet, a Woolworth Holdings subsidiary, it was alleged at Luton Crown Court yesterday.

Mr Michael Anderson, managing director of Cornhill Management Consultants, was accused of paying two men to intercept telephone calls at the home of Mr Peter Hopper, at Aspley Heath, Bedfordshire. He was also linked to inquiries into the private lives of Woolworth executives at the time of Dixons' attempted takeover of the company in 1986.

Mr Anderson, 43, has pleaded not guilty to a charge of conspiring to intercept communications in the course of transmission by the public telephone system between July 1 1986 and November 15 1986.

Mr William Coker, prosecuting, said Mr Anderson's company provided a variety of security services, including surveillance.

During April 1986, soon after Dixons launched its £1.8bn bid for Woolworth, Mr Anderson provided "intimate and detailed investigations" into the lives of Mr Geoffrey Mulcahy and Mr Nigel Whitaker, chief executive and executive director respectively of Woolworth

Holdings, Mr Coker said. "Why that information was required and why Mr Anderson obtained it is not a question you will have to answer in this trial," Mr Coker told the jury.

In August 1986, after the takeover bid had failed, Dixons became concerned about former employees, including Mr Hopper, who had left to join Comet. "As events were to show, Mr Anderson was requested to investigate the activities of Mr Hopper and indeed did so."

He said Mr Anderson paid two men, Mr Terry Rowe, 42, of Leigh on Sea, Essex, an electrician, and Mr Terence Franklin Rowe, also 42, of Basildon, Essex. Both men have pleaded guilty to the same charge faced by Mr Anderson.

A telephone bug near Mr Hopper's home was discovered in October 1986 by a British Telecom engineer. It was buried in a biscuit tin wrapped in a plastic bag at the bottom of a telephone pole and connected to the line by a cable.

The two Rowes were arrested in November 1986. Police evidence, Mr Coker said, linked the men to Mr Anderson who was arrested later. Notes kept in Mr Anderson's day book and diary, he claimed, suggested news of the bug's discovery had been quickly passed to him. The case continues today.

## Nurses' chief cool on pay assurance

BY DAVID BRINDLE, LABOUR CORRESPONDENT

THE GOVERNMENT would fully implement and fund any salary increases recommended by the nurses' pay review body provided there were no "clear and compelling" reasons not to do so, Mr John Moore, Social Services Secretary, yesterday told leaders of the Royal College of Nursing.

Mr Trevor Clay, RCN general secretary, warned against reading too much into Mr Moore's assurance on the pay award. He said: "I have to say they are words we have heard before in years when the Government has not funded it."

Mr Moore's assurance, though qualified, went far beyond anything Mrs Margaret Thatcher, the Prime Minister, has said when tackled on the nurses' pay issue during the present crisis over the National Health Service.



Trevor Clay: 'words we have heard before'

It came on the eve of the start today of three days of strikes and other protests by members of the TUC-affiliated health workers' unions and by some RCN members intent on defying their union's no-strike policy.

Private opinion surveys being undertaken for the National Union of Public Employees suggests the unions can claim heavy public support for their stand.

However, Mrs Thatcher has both in Parliament and in recent interviews refused to be drawn to make any commitment on pay.

The RCN told Mr Moore yesterday that the NHS needed a cash injection of just over £1bn, plus funding for pay. Mr Clay said later: "I think that money will be forthcoming at the end of the day."

The minister will today meet leaders of the TUC health unions, including Cohns, which yesterday called for a £2.5bn boost for the health service.

Nurses in revolt, Page 8

## Coal production brought to standstill by strike

BY CHARLES LEADBEATER, LABOUR STAFF

THE COAL industry was yesterday hit by the most serious industrial disruption since the end of the 1984-85 miners' strike when production was brought to a standstill at all but two of British Coal's 103 collieries by a 24-hour strike by mine deputies over the corporation's 1987 pay offer.

The strike by about 10,000 deputies, who have statutory responsibility for ensuring safety underground, meant thousands of miners were sent home. Under mines and quarries legislation miners cannot go underground unless attended

by a qualified deputy or manager.

It is thought the corporation lost output worth about £5m as a result of the strike. Production is likely to be disrupted today as deputies and miners clear up a backlog of maintenance and safety work.

The national executive of Nacods, the deputies' union, will meet today, to consider whether further action should be called. The union will continue with the overtime ban it started at the weekend.

An ironical twist, Page 8

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UK NEWS

# Aviation data control awarded to GM offshoot

BY DAVID THOMAS

THE CIVIL Aviation Authority has handed over the running of much of its computer network to Electronic Data Systems, the computer services subsidiary of General Motors of the US.

The move is believed to be one of the first times a central government organisation has contracted out the running of its computer network.

EDS, which had worldwide revenues of \$4.4bn in 1986 and has been eager to increase its business in Europe, specialises in running voice and data networks for its customers, known as facilities management.

The CAA contract, which runs for seven years, is EDS's third big facilities management contract in the UK. The others are with Unilever, the Anglo-Dutch food group, and Vauxhall, a General Motors subsidiary.

Under the terms of the deal, which applies only to the CAA's administrative computing, not to air traffic control, EDS will manage changes to the authority's computing strategy and then run the new network.

Until now, the authority's computer strategy was based on mainframes supplied by ICL, the UK computer company. In future, it will revolve around minicomputers and departmental computing based on IBM systems.

This change in strategy, together with the move to contracting out, was recommended by Coopers and Lybrand, the consultants. In the longer term, the new approach might allow the authority to form a common network with other aviation authorities.

The CAA said that the new approach would be more efficient, but it was unable to quantify this claim. As part of the change, about 40 staff will join EDS from the CAA.

The authority did not put the contract out to tender, but it had considered Hoskyns and CMG, two other computer services companies, as candidates for the contract, whose value it refused to specify.

Mr Philip Trigg, EDS managing director in the UK, said the contract was an important milestone in building up the company's business in Britain. He added: "Companies are increasingly focusing on their core business activities and contracting out their peripheral activities such as IT to specialist suppliers."

# Call box service worsens

BY DAVID THOMAS

BRITISH Telecom's call box service continues to deteriorate, according to the latest monthly survey carried out by the company and the Office of Telecommunications, the industry's regulatory body.

BT and OfTel began to publish regular monthly surveys of call box availability in the autumn following mounting complaints.

Of the 7,421 call boxes surveyed between December 12 and January 8, 72.4 per cent were working. This compares with 77.2 per cent in the previous monthly survey and 75.8 per cent in the month before that.

BT has told OfTel that the deterioration in service during the latest survey was due to staffing difficulties over Christmas.

US company Coleco showed talking Cabbage Patch dolls, which are almost irresistibly repulsive. With a 450-word vocabulary, an ability to sing and chuckle when tickled, they can also refuse to talk when requested. "She's shy," said the demonstrator.

Elsewhere, Heart-to-Heart Bears, in sugar-sweet pink or blue nightgowns, have beating hearts activated by pressure on the chest. Intended for the smallest children, they introduce cardiac arrests to the nursery.

An unhealthy interest in the inner workings of the human body is also necessary to play DNA (in this case meaning Deadly Nucleus Attack) billed by Conscious Games as "the board game of true Life and Death." A war is fought between white corpses and "foreign bodies" on a board which resembles a plate from Gray's Anatomy.

Yet the encouraging impression gleaned from the fair is that the new toys to replace fixated-out crazes like My Little Pony has yet to appear.

Meanwhile traditional, and much cheaper games, are in the ascendant. A stand showing kaleidoscopes is surrounded by people saying: "I haven't seen one of those for years."

Lego still seems to offer the best aid to imagination with sets to build a forest or a space station. Jigsaw puzzles are the most prominent feature on UK company Waddingtons' stand, and apparently still make up about half the turnover.

For adults, Orgy, a Roman feast game, is guaranteed to break the ice at any party and "can include eating, drinking and kissing etc." It sounds even sicker than the children's toys.

# LAWYERS 'FAILING TO PRACTISE EQUALITY'

# Women accelerate legal brain drain

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

WOMEN SOLICITORS may have equality under the law but they are far from achieving equality in their own profession. That is the conclusion of a working party on women solicitors' careers set up by the Law Society, the profession's governing body.

The past 10 years or so have seen a marked increase in the number of women law graduates - 46 per cent of the total in 1986 as against 30 per cent in 1977 - and in 1986-87 for the first time a higher proportion of women than men passed their final law examinations.

Statistics suggest, however, that many new entrants will find the incentive or encouragement to remain on. Only 34 per cent of women who entered the profession in 1977 are now partners, compared with 68 per cent of men. A career structure survey carried out last year showed that only 66 per cent of the women in the 1977 intake are still working full-time, compared with nearly 100 per cent of the men.

Ms Linda Packard, chairman of the working party, said yesterday that it was in the interests of both the profession and the public that there should be greater flexibility in the profession to enable women to have children without sacrificing their careers.

The working party recommends a series of radical measures to improve the situation. They include allowing women to work part-time, both as assistant solicitors and, more controversially, as partners.

"This," the working party says, "clearly upsets the traditional view of a partner as being full-time and working all necessary hours to ensure the profits of the firm. However, there is no reason why a partnership deed could not be drafted so that profits reflect time spent on the firm's work - just as in some partnerships profits relate to capital introduced."

Other recommendations are for job-sharing, career breaks - the working party cites the big banks and the health service as organisations operating retainer schemes for women - provision for maternity leave and pay in partnership deeds, and refresher courses to enable women to bring themselves up to date on developments in law and legal practice after leaving to have children.

The working party is also asking the Law Society to attempt to persuade the Government to legislate for tax relief for child care expenses for women solicitors returning to work.

The report of the working party will be sent to the 127 local law societies - only seven of which have women presidents - and to the Law Society's ruling council, three of the 70 members of which are women.

# Toy industry plays hunt the next craze

BY MAGGIE URRY

CHILDREN under 14 not allowed, said the leaflet for the British International Toy and Hobby Fair.

That promise alone makes a visit to Earl's Court, London, bearable. Had the little monsters themselves been let loose on toys ranging from the cringingly cute to the realistically violent, there would have been a riot.

Even so, the sight of 600 exhibitors trying to entice adults was almost too much for one brought up to play for hours with a cotton reel and piece of string. Just like children, the buyers seem to avoid the toys adults would like them to have - the educational or beautifully made wooden ones - and are drawn to the tackiest.

US company Coleco showed talking Cabbage Patch dolls, which are almost irresistibly repulsive. With a 450-word vocabulary, an ability to sing and chuckle when tickled, they can also refuse to talk when requested. "She's shy," said the demonstrator.

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# Station fire inquiry to examine management of London Tube

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

THE INQUIRY into the fire at King's Cross railway station, London, on November 18 last year, which killed 31 people, will consider the funding, management and staffing of the London Underground as well as the immediate causes of the fire.

Mr Roger Henderson, QC, the counsel to the disaster inquiry, said these were among 44 questions to be considered by Mr Desmond Fennell, the Inspector, and four technical assessors.

Opening the inquiry, Mr Henderson said most of the questions dealt with the probable cause of the fire; how and why it spread; and the actions taken by Underground staff, police and firemen.

But he said the inquiry should also look at the management structure of London Underground, the allocation of responsibilities for safety, whether the system was satisfactory, and whether duties were properly discharged.

Mr Henderson said staffing issues were germane to the inquiry where they were related to fire hazards, but not otherwise.

Mr Henderson gave a detailed chronology of the progress of the fire, which technical investigations have indicated was probably started by a match dropped under an escalator on to a mixture of grease, fluff and dust.

He said the fire probably began at about 7.20pm, and the "flashover" into the ticket hall where most of the victims died took place about 26 minutes later.

The inquiry, which is expected to last three months, has already taken statements from 500 witnesses, and 200 more are expected.

# Bank named for steel flotation

BY NICK GARNETT

SAMUEL MONTAGU, which has been giving the Government preliminary advice on the privatisation of British Steel was formally appointed yesterday as merchant bank advisers for the flotation.

Rowe and Pitman, the corporate finance arm of Warburg Securities was appointed as Government brokers as part of the same announcement from the Department of Trade and Industry.

The company will perform the stockbroking function, advising the Government on the pricing and structure of the share issue and the date for privatisation which has been pencilled in for the end of this year or the first quarter of 1989.

In a joint appointment yesterday by the Government and British Steel, Coopers and Lybrand was named as the reporting accountants for the flotation.

One of the tasks of Coopers and Lybrand will be to prepare within the next three months an internal background report for the benefit of Government ministers and corporation management before the draft prospectus - on which the sale will be based - is drawn up.

Coopers and Lybrand will also provide advice and vetting of financial information for the prospectus and might be asked to give advice on the corporation's working capital requirements.

Samuel Montagu was originally appointed after an open competition in February last year to give preliminary advice

# In Brief

## Bayer back in drugs industry association

Bayer, West German drugs company, has been readmitted to the Association of the British Pharmaceutical Industry following a year-long expulsion for unethical behaviour, writes Peter Marsh.

The 1986 expulsion resulted from activities in 1983-84 when Bayer's UK sales force had offered inducements to doctors in a bid to increase the number of prescriptions of heart drug Atalol.

Mr Bernard Aundrup, UK director of Bayer's pharmaceutical division, said he had tightened discipline in the group's sales staff. The ABPI said it had audited the company's sales activities and was happy it was complying with its code.

## Hamleys 'not for sale'

Sir Phil Harris, chairman of Hamleys Toys, Queensway, the furniture and carpet retail group, dismissed suggestions that its Hamleys toy chain was for sale.

Harris Queensway bought Hamleys from the Burton group in August 1986 for £30m.

## Weinburger knighted

Mr Caspar Weinburger, US Defence Secretary, has been awarded an honorary knighthood for "services to British interests," the Foreign Office said. He will not be entitled to call himself "sir" because he is not a British subject.

## Toying with fashion

Fisher-Price Toys, UK subsidiary of Quaker Oats, plans to move away from making its traditional range of pre-school toys and towards the more volatile fashion toys market. The group says the move results from rising competition in the pre-school market.

## Top Birmingham job

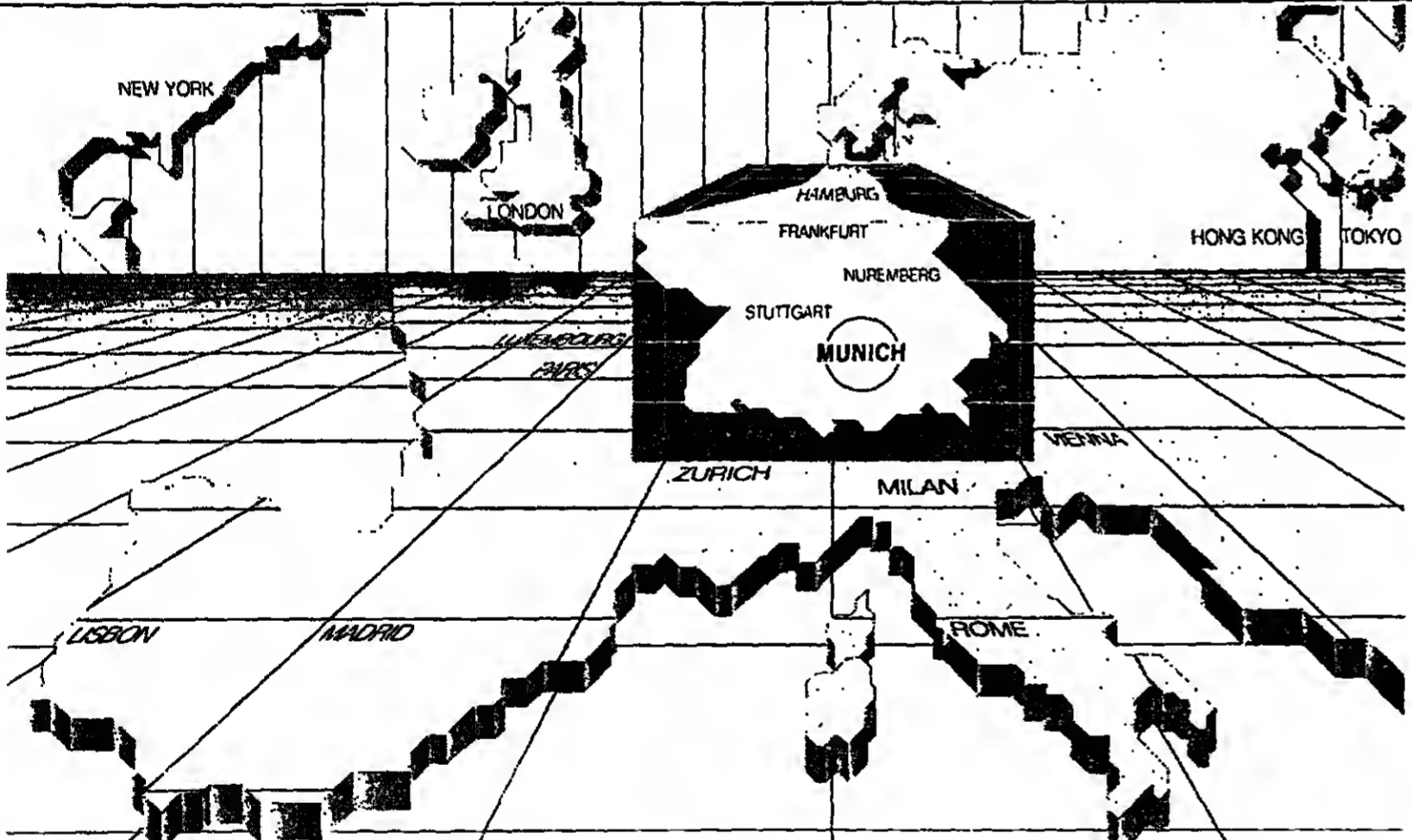
The Birmingham heartlands project, which aims to regenerate 2,000 acres of rundown land in the midland city's centre, has appointed Mr Alan Osborne, 60-year-old chairman of Tarmac's construction division, as chief executive.

## Biotechnology venture

A syndicate of venture capital funds led by Guinness Mahon Development Capital is investing \$1.75m in a biotechnology start-up in Livingston, near Edinburgh. Additional grants and loans will give the new company, Bioprocess Associates, total funding of £3.6m. The group plans to process abattoir blood for biotechnology markets.

## Kitchen concerns

Kitchen appliance makers could suffer if electricity board showrooms were sold off separately in the planned privatisation of the electricity industry, said manufacturers' association Ameda. The 896 showrooms account for 10-15 per cent of the UK appliance market.



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# Managers plan buy-out from J2T consortium

BY TERRY DOOSWORTH

A TEAM of six senior managers from the UK video cassette recorder plant owned by the European J2T consortium are planning a buy-out in an effort to avoid closure of the facility.

J2T announced last week that it was planning to withdraw from the plant at Newhaven, on the south coast of England, to reduce costs.

It said that the group was in an "unacceptable financial position" caused by excess global capacity in video recorder manufacturing and low-priced imports from the Far East.

All the managers have been long-term employees with the consortium, which was launched in 1982 by Thorn of the UK in combination with Thomson of France and JVC of Japan.

Thorn sold its share in the joint venture a few weeks ago as part of its withdrawal from the consumer electronics industry.

Since then, Thomson and JVC have reappraised the operation and decided to concentrate production at two plants run by J2T in Tommerre, south of Paris and West Berlin.

The management team has been assured of the backing of J2T and is planning to continue supplying the consortium with printed circuit boards from Newhaven.

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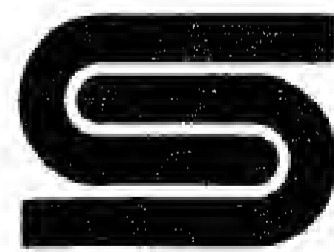
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# Action in court averts strike by ferry crews

By Jimmy Burns, Labour Staff

P&O and Sealink yesterday won High Court injunctions preventing the National Union of Seamen from staging its planned national strike from midnight.

The order on the NUS to withdraw from its planned industrial action was issued on the grounds that a national strike in support of 161 seafarers dismissed by the Isle of Man Steam Packet Company amounted to secondary action called without a formal ballot.

The move followed the disruption of UK freight and ferry operations in the Irish and North Seas by seafarers anticipating the strike call.

Earlier in the day the threat of legal action against the union on the grounds of secondary action appeared to have split the 7,600 NUS members employed in the UK ferry and freight sector over tactics.

In contrast to the not unexpected hardline attitude adopted by seafarers in Irish and North Sea coast ports, those in Dover and other southern ports operating Channel routes held back from joining the action.

P&O, one of the major UK ferry companies, said that it had sought High Court injunc-

# Jimmy Burns on anger within the seamen's union NUS heads for choppy waters

IT IS perhaps not entirely coincidental that Britain is facing a national ferry strike just a few weeks away from the National Union of Seamen's bi-annual conference.

Until a few days ago the odds were that this conference would prove a stormy one for Mr Sam McCluskie, the NUS's general secretary. The union's militant left wing, who have challenged Mr McCluskie ever since he was elected, had been preparing a series of motions strongly critical of the union's organisational response to the storm clouds sweeping through the shipping industry.

By calling his members out today, Mr McCluskie - a member of the Labour Party's national executive - is putting to the test the feelings of widespread frustration that are alleged to exist within the union.

The immediate cause of the strike is the decision of the Isle of Man Steam Packet Company to dismiss 161 employees for refusing to accept radical changes to their pay and conditions.

But the underlying source - and one which the union is now stressing with the aim of avoiding legal action against it on the grounds of secondary picketing - is fear and anger at the direction in which the British shipping industry has been moving.

The number of British ships flying the red ensign have declined from 1,614 in 1975 to 685 last year, as a result of a critical imbalance of supply and



Sam McCluskie: test feelings

demand within the world shipping industry. Some companies have closed down, others have pruned their operations, while a growing number of shipowners have chosen as their main cost-cutting route the device known as "flagging out" - the process by which ships are transferred away from the main UK register, either to an "open" or "flag of convenience" register or to an associated "off-shore register".

For some companies, such a restructuring has meant a balancing of books. But for the NUS it has meant a 30 per cent decline in membership in the last five years to about 20,000.

The NUS claims the move by the Steam Packet Company, which is 40 per cent owned by Sealink, is confirmation that a

process that had been largely restricted to deep-sea ships and tankers is planned by all the big ferry companies. P & O and Sealink have made no moves to "flag out" their cross-Channel operations. But they have made clear their wish to shake-up their crewing arrangements, including substantial job cuts, to compete more successfully with the advent of the Channel Tunnel.

In October 1986 Sealink's plans to cut 435 jobs led to occupations of ships and strikes at four Channel ports. The two week-strike ended in a compromise agreement, with the NUS accepting most of the cuts.

In December P & O indicated that it wanted to reduce its Dover-based crews by at least 400. The move, like that on the Isle of Man, was strongly resisted by the union's hard left. Mr McCluskie chose to negotiate.

Now the NUS is officially saying enough is enough. Nevertheless while job insecurity might initially prove a spur to action it could also undermine the strike's longer term effectiveness.

It is only a few weeks ago that the union was forced to raise its membership fees, close some of its offices, and initiate merger talks with the National Union of Railwaymen in a so far unsuccessful attempt to stem a crippling financial crisis. Officially the union says it now has the heart for a fight. But it remains far from clear whether it really has the muscle.

# Gas staff stoppage continues

By Richard Tomkins

THE STRIKE by West Midlands gas engineers which has virtually halted all but emergency repair work in the region entered its second week yesterday with no apparent progress towards a settlement.

About 1,700 engineers, represented by the General Municipal and Boilermakers' Union, are involved in the dispute over a revised bonus scheme introduced by British Gas West Midlands last week.

About 550 service layers, who connect homes to the gas mains, are on official strike because they believe the scheme will cut their earnings. Most of the region's other engineering workers have walked out in sympathy.

British Gas said yesterday that on a conservative estimate nearly 200 homes in the West Midlands had had their gas cut off because repairs could not be carried out. About 300 customer service staff in central Birmingham had resumed work, but shortages of parts had meant offering only a limited service.

Neither side appeared ready to break the deadlock yesterday, but British Gas said it was willing to re-open talks about the bonus scheme without conditions.

# TUC leader urges printing unions to bury the hatchet

By John Gapper, Labour Staff

THE National Graphical Association and Sogat '82 print unions have been advised by a TUC leader, in an unusual public intervention, to bury old rivalries and complete merger negotiations.

Mr John Monks, TUC deputy general secretary, says in an article in the NGA's newspaper Print that the TUC challenge to the two unions is to create a new print union and "bury the hatchet" - not in each other.

Mr Monks uses the example of the print industry to press home a wider point that unions must be seen responding imaginatively to technological change in order not to be "swamped" by it.

The TUC usually avoids public expressions of opinion on the internal affairs of member unions, and Mr Monks' intervention indicates concern that union organisation in the print industry may be being hampered by the lack of a merger.

Mr Monks' article, which comes against the background of protracted negotiations between the two unions on merger terms, emphasises the need for the unions to respond adequately to changes forced on them by new technology.

He writes: "TUC experience in other parts of British indus-

try confirms that union's can't apply the old methods to radically different technology - or not for long.

"Methods have to be re-fashioned if unions are to ride with and shape the changes rather than be swamped by them."

Mr Monks, who says that unions have to show "adaptability, skill, cunning and unity," in responding to a new labour climate refers to the difficulties faced by the unions over disputes such as that with News International.

The TUC has been dismayed by the prolonged controversy among member unions, including Sogat, the NGA and the EETPU electricians, caused by the News International dispute and would like to see a unified union structure.

The NGA had been hoping that merger negotiations to be complete by now, but Sogat wanted to consider a full report on the discussions and possibly even present an amalgamation document to its biennial conference in May.

Sogat recently took extended advertising space in the UK Press Gazette - a journalists' trade paper - to argue that the union was committed to technological change.

# Butlin's faces dispute as pay talks collapse

By John Gapper

BUTLIN'S, the holiday company, could face an industrial dispute following the breakdown of annual pay talks. Staff are being asked to support a ballot on action, possibly including a strike.

Four hundred permanent staff at Butlin's head office in Epsom, Surrey, and the company's five holiday centres have rejected a pay offer of a 4.5 per cent minimum rise together with the introduction of a new bonus scheme.

The conflict comes against the background of staff restructuring at Butlin's - which is owned by the Rank Organisation - and an investment of £80m over the next three years to upgrade its former holiday camps.

Permanent staff at Butlin's are outnumbered by about eight to one by seasonal staff - including the traditional Red-coat entertainers - who are taken on during the holiday season, and are not involved in the dispute.

Mr Mick Fishburn, the GMB general union's national officer for hotel and catering, said that

Butlin's staff had been unsettled by the announcement of 50 redundancies during pay talks at the end of last year.

He said he believed they would support industrial action in view of the growth in profitability of the Rank Organisation's holidays and recreation sector, which it was announced last week made a £43.9m trading profit in 1987.

Butlin's has made about 300 staff redundancies over the past 18 months as part of general restructuring intended to improve the trading potential of its old holiday camps, which are being upgraded to Holiday World leisure centres.

Rank said the offer would in practice give pay rises of between 5 per cent and 8.5 per cent, and the bonus scheme would add up to a further 7.5 per cent to salaries. It intended to bring staff further on the details of the offer.

The company said the announcement of redundancies at the same time as pay negotiations at the end of last year had been a vote-killer.

# Barclays deal wins backing

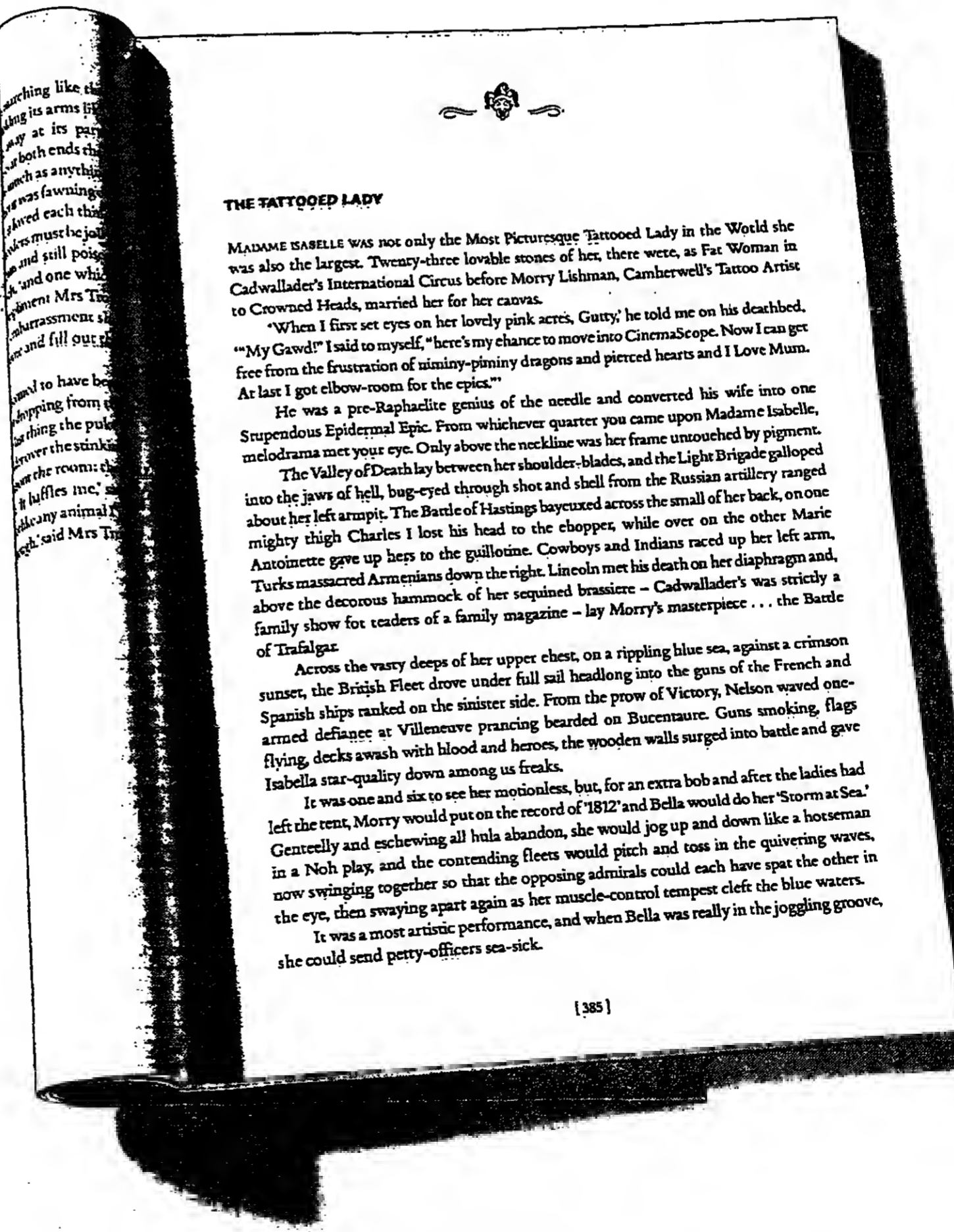
By Our Labour Staff

BARCLAYS BANK yesterday implemented the first stage of a two-year pay deal with its 80,000 UK staff after members of the Banking, Insurance and Finance Union voted to follow the majority staff union by accepting it.

Butlin's 14,600 staff just met the January deadline for acceptance set by the bank for moving the settlement date forward by two months and raise the value of the deal to 15.7 per cent over two years.

The deal - the first two-year agreement in a UK clearing bank - was accepted by the Barclays Group Staff Union after the offer was raised to 12.5 per cent in the first year and 15.7 per cent in the second. A 91 per cent ballot produced a 91 per cent majority for acceptance among clerical workers and a 65 per cent among data staff.

# When did you last have a laugh on the motorway?



## THE TATTOOED LADY

MADAME ISABELLE WAS not only the Most Picturesque Tattooed Lady in the World she was also the largest. Twenty-three lovable stones of her, there were, as Fat Woman in Cadwallader's International Circus before Morry Lishman, Camberwell's Tattoo Artist to Crowned Heads, married her for her canvas.

"When I first set eyes on her lovely pink acres, Gutz, he told me on his deathbed. "My Gawd!" I said to myself, "here's my chance to move into CinemaScope. Now I can get free from the frustration of niminy-pininy dragons and pierced hearts and I Love Mum. At last I got elbow-room for the epics."

He was a pre-Raphaelite genius of the needle and converted his wife into one Stupendous Epidermal Epic. From whichever quarter you came upon Madame Isabelle, melodrama met your eye. Only above the neckline was her frame untouched by pigment.

The Valley of Death lay between her shoulder-blades, and the Light Brigade galloped into the jaws of hell, bug-eyed through shot and shell from the Russian artillery ranged about her left armpit. The Battle of Hastings bayoneted across the small of her back, on one mighty thigh Charles I lost his head to the chopper, while over on the other Marie Antoinette gave up her head to the guillotine. Cowboys and Indians raced up her left arm. Turks massacred Armenians down the right. Lincoln met his death on her diaphragm and, above the decorous hammock of her sequined brassiere - Cadwallader's was strictly a family show for readers of a family magazine - lay Morry's masterpiece... the Battle of Trafalgar.

Across the vasty deeps of her upper chest, on a rippling blue sea, against a crimson sunset, the British Fleet drove under full sail headlong into the guns of the French and Spanish ships ranked on the sinister side. From the prow of Victory, Nelson waved one-armed defiance at Villeneuve prancing bearded on Bucentaure. Guns smoking, flags flying, decks awash with blood and heroes, the wooden walls surged into battle and gave Isabelle star-quality down among us freaks.

It was one and six to see her motionless, but, for an extra bob and after the ladies had left the tent, Morry would put on the record of '1812' and Bella would do her 'Storm at Sea'. Gently and eschewing all hula abandon, she would jog up and down like a hotsman in a Noh play, and the contending fleets would pitch and toss in the quivering waves, now swinging together so that the opposing admirals could each have spat the other in the eye, then swaying apart again as her muscle-control tempest cleft the blue waters.

It was a most artistic performance, and when Bella was really in the jogging groove, she could send petty-officers sea-sick.

[385]

As adapted from The National Lamp by Patrick Moran from Punch.

Now, try reading that in your favourite contraflow on the motorway.

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TECHNOLOGY

THE UK's Central Electricity Generating Board will apply for planning permission this week to build two 1,800 megawatt coal-fired power stations. Each will have two 900 MW turbine-generators - the first time such large generating units have been used in Britain.

The stations, at West Burton on the River Trent in Nottinghamshire and Fawley on the Solent in Hampshire, will be the first non-nuclear plants ordered in Britain since 1977, and they are likely to cost between £1.2bn and £1.5bn each.

They are part of the CEGB's plan to build several new nuclear and coal-fired power stations during the 1990s, to meet what is expected to be a substantial increase in UK demand for electricity. All the new plants will be sited in the Midlands and South of England, where there is a serious shortage of generating capacity.

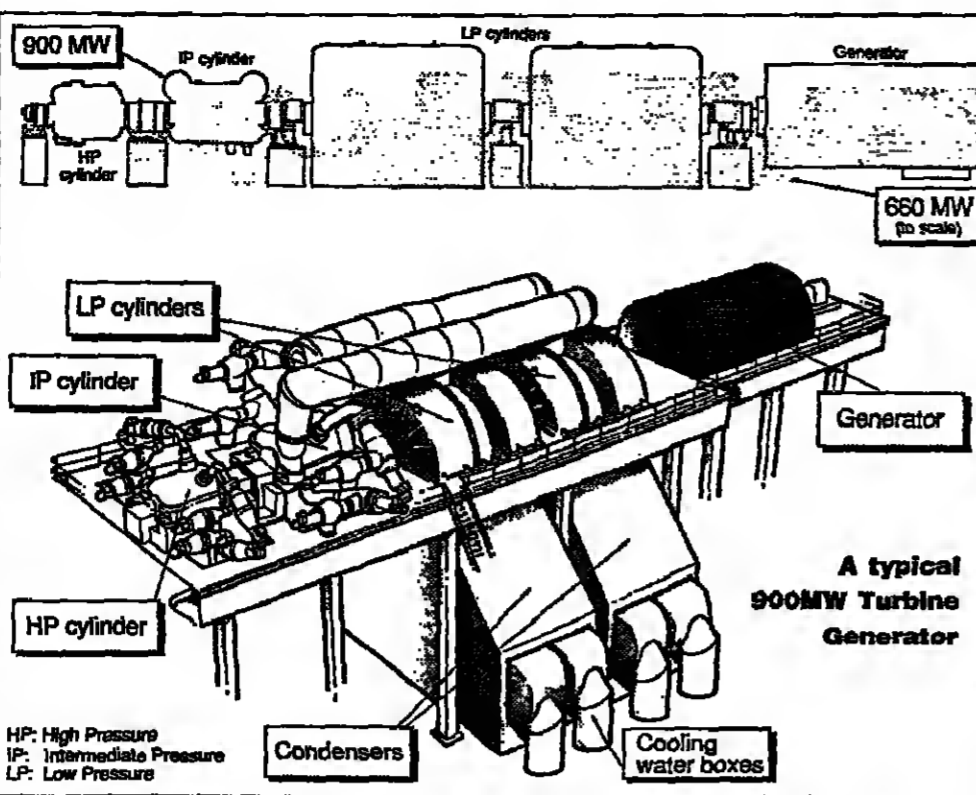
The CEGB says the new design, with two 900 MW turbine-generators in each power station, can be built quickly and less expensively than the coal-fired plants ordered during the 1960s and 1970s, which had smaller 660 MW units.

CEGB officials are reluctant to reveal their detailed thinking about costs before the manufacturers put in final tenders for the contracts, but it seems they expect the generating equipment to be 20 to 30 per cent cheaper in real terms than in previous coal-fired stations.

These cost savings will, however, be partially offset by the fact that the new stations have to be fitted with expensive pollution controls. The flue gas desulphurisation equipment to reduce the sulphur dioxide emissions that contribute to acid rain could add 15 per cent to overall costs.

The two UK turbine manufacturers - GEC and NEI - and the two boiler makers - NEI and FKI Babcock - have been closely involved in the CEGB's design process, and they enthusiastically support the step up to 900 MW. "This is a particularly good move for the turbine makers, because it will provide us with extra experience for our export business," says Michael Barrett, a director of GEC Turbines.

However, the CEGB is sticking to the tried and tested 660 MW unit for its new FWR nuclear stations, starting with Sizewell B. "That was a deliberate decision to put all our engineering effort into the



CEGB goes for the big power play

Clive Cookson examines plans to build two new coal-fired plants

nuclear reactor; and use proven generators," says Ron Burbridge, who runs the board's Generation, Development and Construction Division.

The board and manufacturers say the move to 900 MW is justified by advances in generating technology since the 660 MW units were designed 20 years ago.

Progressive improvements in materials, particularly carbon steels, have led to stronger turbines with larger blades. In addition, new techniques of computer analysis enable the manufacturers to produce far more accurate models of the flow of steam through the turbine and the stresses in its components.

Larger generating units offer increasing economies of scale, but if they are made too big the stress on the turbines becomes intolerable. The UK industry believes that, at present, 900 MW offers the best balance between these two factors.

Some power stations overseas have single turbine-generator units as large as 1,200 MW, but these are half-speed machines rotating at 1,500 revolutions per minute instead of the 3,000 rpm specified by the CEGB. They are really quite different machines," says John Bolter, a director of NEI Parsons.

The new power stations will have larger boilers to provide steam to drive the 900 MW turbines. They will operate at a higher pressure than the old 660 MW boilers (180 instead of 168 atmospheres) which will increase the overall efficiency of the unit. Another innovation is a "low NOx combustion system" to reduce the pollution in the form of oxides of nitrogen emitted by the burning coal.

The CEGB has simplified the overall design of the new stations. Components such as cooling water systems and feed pumps are less complicated than in previous coal-fired plants, and Ron Burbridge says there will be

much less pipework to build and maintain. At the same time the board has responded to criticism of the way it managed the construction of its power stations. In the past, work began on site well before the design programmes had finished, and the CEGB now admits that this overlap sometimes led to unnecessary delays.

Under the "improved" management system adopted for the new power stations, design contracts for the main components will be placed in time for the manufacturers to complete the design work well before construction starts. The provisional timetable calls for design contracts to be placed for the first station by July 1988 and building work to start at the end of 1989, with a target completion date in 1995. The timetable for the second station would follow a few months behind the first.

John Bolter of NEI says the manufacturers should have no difficulty keeping up. "The

timetable is quite generous compared with what we have to achieve on export jobs." The location of the two power stations is not yet certain. Although the CEGB is applying this week for planning permission to build them at Fawley and West Burton, it has a third candidate site in reserve - Kingsnorth on the Medway estuary in Kent - and may make a planning application there in the spring.

Ron Burbridge says the procedure will be to select either Fawley or West Burton within the next few months as the site of the first new station. Then, for the second station the CEGB will choose between Kingsnorth and whichever of Fawley or West Burton was not chosen for the first.

This rather complicated strategy is apparently intended to give the CEGB room to manoeuvre, in case strong local objections and a public inquiry threaten an unduly long planning delay at Fawley - the most environmentally sensitive site because of its proximity to the yachting playground of the Solent. Dr operating grounds Fawley would be the board's first choice, because it would do most to correct the imbalance in the National Grid caused by the shortage of generating capacity in the south.

All the UK generating equipment manufacturers are very short of work, so they are praying that the orders will not be delayed. NEI is most desperate, because it lost both the turbine and the boiler contracts for the Sizewell FWR - and the winners, GEC and Babcock, are in a strong position to supply the turbines and boilers respectively for the next nuclear station at Hinkley C.

"The CEGB has dropped the 'Buggins' principal of shaking out power station contracts to the UK manufacturers, so there is no question of awarding coal-fired work to NEI just to compensate for its losing out on the FWRs - even though the company's future as a manufacturer of turbines and boilers must now be at stake."

The CEGB has so far resisted increasing pressure from abroad to let foreign manufacturers tender for its main power station contracts, but the liberalisation of European trade scheduled for 1992 may force it to change policy. If the UK power industry is to thrive in the more competitive era after 1992, Fawley and West Burton will have to be its showcases.

Spanish call upon Italy's expert in risk assessment

David Lane explains how Agrileasing has developed artificial intelligence to vet leasing applications

ARTIFICIAL intelligence, the ability of computers to make human-like judgments, will soon be helping Banco Hispano Americano to grapple with the problem of assessing prospective leasing contracts. The bank, which has the largest leasing services operation in Spain, recently reached agreement with the Milan software house Artificial Intelligence Software (AIS) to purchase a personalised version of a computer program called 'ALVIN'.

This marks the first commercial sale of the program, which was developed by Agrileasing, a subsidiary of an association which groups more than 700 rural and artisans' savings banks throughout Italy. The Italian company has been using ALVIN for leasing risk assessment since last November.

"We used to believe that intuition was the crucial factor in spotting the operations to avoid. Our decisions were based on a good nose for sniffing out bad risks," says Vincenzo Lobascio, Agrileasing's manager responsible for risk evaluation.

Once the company set about the task of analysing the problem of changing noses for computers, two years ago, it became clear that the decision-making process, which was apparently intuitive and subjective, could be structured within an analytical framework.

"The key was to separate the individual elements which comprise the overall process, and to identify the single decisions and understand how they are taken," says Lobascio.

He explains that the problem can be conceived as a pyramid with a base formed of facts regarding the prospective client and the peak representing the decision on a proposed leasing contract. Base and peak are linked by a chain of decisions.

ALVIN is the result of combining Lobascio's practical experience in the leasing world with the computer expertise of Francesco Gardin, AIS's managing director. Gardin put theory into practice. He worked as the knowledge engineer on the ALVIN project, having previously undertaken postgraduate

the state of the company, leasing conditions and cash flow. The user is offered the facility of altering conditions in order to identify those which yield a positive overall judgment.

In addition to the brief assessment, ALVIN also supplies the user with a detailed 6 to 8 page report on the prospective lessee and the proposed operation.

Testing, undertaken last year, used 200 leasing operations which had turned sour. "We found that ALVIN, which is used for contracts involving goods worth less than L150m (\$122,700), would have turned down 80 per cent of the test sample," says Lobascio.

He reports that though the program is probably conservative and risk averse, it has nevertheless been quickly and easily accepted by branch managers. "Given that branch managers are tied to budgets and are market oriented, their acceptance of the constraints imposed by ALVIN shows that the program is valued as a reliable counsellor," he says.

Agrileasing's branches operate ALVIN on IBM-AT, or compatible, personal computers.

Since being established ten years ago Agrileasing has grown rapidly. Last year it signed 3,150 leasing contracts worth a total of L265bn, compared with 863 contracts worth L60bn in 1982. The growth of the company is one of the factors necessitating the need for the definition of a homogeneous approach to risk evaluation.

With the program operating satisfactorily, Agrileasing plans to modify its sales network. Instead of applying to Agrileasing's small number of branch offices, clients wanting leasing services will soon be able to deal directly with the 1,200 branches of Italy's rural and artisan savings banks.

"The ALVIN program allows us to reduce costs, expand services and ensure greater control," claims Lobascio. It also allows the bank's branches to offer their customers another service which can be managed directly and with a rapid response.

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ARTS

LSO/Barbican Hall

Andrew Clements

"A Theme, with Variations" is the title of a wide-ranging celebration of British music planned by the London Symphony Orchestra and running through the first half of 1988. Though events also permeate to the South Bank, the festival is centred on the Barbican; the BBC's Birtwistle bingle, two weeks ago was incorporated as one component. Most of the concerts, however, aim to combine contemporary composers with earlier English staples, so that the new work from Robert Saxton, in the beginning commissioned by the LSO for the series, began a programme on Sunday which also included Walton's Cello Concerto and a Vaughan Williams symphony.

Svetlanov/Festival Hall

Max Loppert

Yevgeny Svetlanov's latest concert with the Philharmonia Orchestra and Chorus culminated in Saturday's concert performance of the Prokofiev Alexander Nevsky cantata. The poster-simple sentiments and poster-bright colours of the music came up glossed and polished, under that rather impassive (and refreshingly unglamorous) facade, the Russian conductor is an orchestral and choral director of extraordinary virtuosity.

Spectrum/St. John's

Richard Fairman

The instrumental sections of this concert on Saturday night were easily the more enjoyable. Under the direction of Guy Protheroe, the contemporary music ensemble Spectrum breathed new life into Barber's much-played Adagio for strings and Copland's Appalachian Spring.

Arts Guide

Opera and Ballet PARIS Parla Opera. Orpheus aux Enfers is conducted by Lutzar Zaprusek with Michel Szechtel, tenor, dominating Jean-Louis Martinelli's production of Offenbach's juvenile parody of Gluck. Alternatives with homage in Scène d'après le statutaire are the Paris Opéra Ballet with their dance in Paganini's deus and coadjutors. (4742877). La Pille du Requin. Conducted by John Neschke at the Opéra Comique. (4742877).

Tate Gallery/William Packer

Cooper's Cubists celebrated



Picasso's drawing for Gaby Lespinasse, c 1916-16

Douglas Cooper and the Masters of Cubism is a small exhibition of 81 works on paper, selected from the Douglas Cooper Collection by its curator, Dr Dorothy Kosinski, that comes on to the Tate Gallery (until April 4) from the Kunstmuseum, Basel. It is not exclusive to the masters of the title, for it even includes - among others - portraits of Cooper by Sutherland and Hockney; but effectively it is a celebration of the great cubist quartet, Picasso, Braque, Leger and Gris, and of Cooper's association with them.

third of his fortune to acquiring a substantial and fully representative holding in the early work of the four great Cubists. Though the scope of his collection would extend far beyond the Cubists, and would continue to grow, change and shrink in the course of his life, he had largely achieved that particular ambition by 1945 - a tribute not just to good fortune but to remarkable youthful judgement and determination.

Gluck's 'Orpheus and Eurydice' in London and Cambridge

Max Loppert

Gluck's Orpheus and Eurydice came to the English last week - not quite from the dead, but from a rather long period of absence, which was unhappily extended even into last year's Gluck bicentenary celebrations. In Cambridge, the Cambridge University Opera Society performed the original version of the opera - Vienna, 1762, with an alto hero and Calzabigi's Italian newly and stylishly translated by Anne Ridler. On Sunday English Bach Festival came to the Royal Opera House for a single showing of the second version - Paris, 1774, given in Molière's French adaptation and expansion of Calzabigi with a tenor as Orpheus.

quite startling clarity. Even at moments when the size of the house itself swallowed up the performance, this sense of Gluckian lightness and Gluckian intensity was never lost. But at the same time another, slightly less comfortable point was proved by the EBF's production at Covent Garden. Everything we know about Gluck's coaching of both Guadagni (the alto castrato hero of 1762) and Joseph Legros (the tenor Orpheus of 1774) leads us to believe that he demanded previously unimagined vocal and dramatic passion to be poured into the role; and that he wrote it, in both Vienna and Paris, for voices of the forcefully expressive, respectable young tenor Orpheus moved well, and "managed" the high-lying vocal lines (which included those of the florid arioso ending Act 1) with some skill, but he commanded no emotional energy, and the tone thinned out generously in the register breaks.

DecaDance/Sadler's Wells

Clement Crisp

We were at the Wells in gala mood on Sunday night to celebrate ten years of Dance Umbrella. And in saluting this decade of vital, splendid, tremendous and tomfool activity - that first season which brought the admirable Douglas Dunn to London; later evenings when ears were shattered by noise and tempers taken to breaking point by prevention and inadequacy - let me also pay grateful tribute to Val Bourne, who has laboured long and selflessly to make each year's season possible. Her rewards may be in heaven; they are also in knowing that an audience has grown up aware of the most intriguing and most outrageous in new dance. Educated and informed, thanks to Miss Bourne, and very partisan, this is a public as commendable in its devotion as are the performers in the Umbrella's matches.

Manon/Covent Garden

Clement Crisp

With Jennifer Penney and Stephen Jefferies as the Lescaut siblings, and Anthony Dowling as Des Grieux, there can be little doubt that the central argument of Manon, which started its second century of Opera House performances on Saturday. Sir Kenneth MacMillan's theatrical scheme - the circling predators of Regence Paris seizing their prey; the loss of innocence in a vertiginous whirl of pleasure and retribution - is executed through dances that still retain their power and freshness, and still invite the best of their executants gifts.

King's Singers/Elizabeth Hall

Andrew Clements

The King's Singers have just embarked upon their 20th-anniversary season. They began their London celebrations at the Elizabeth Hall on Friday, with a concert in aid of the National Youth Choir that offered a characteristic mixture of a capella repertoire items and bespoke arrangements. It demonstrated the paradox of the King's Singers' performances: immensely polished, well-grooved singing, that is effortlessly transferred from idiom to idiom, yet ultimately is always identifiable as the product of a self-conscious stage act in which cloying sentimentality is never far from the surface.

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# FINANCIAL TIMES

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Tuesday February 2 1988

## Credibility restored

THE BRITISH Government was clearly right to raise interest rates by  $\frac{1}{2}$  per cent yesterday, the only thing that is surprising being the City's widespread surprise. It is more than surprising; it is disturbing for it suggests that the credibility of the announced policy of the Government is dangerously low.

The view that interest rate increases could not be the only thing being derived from a standard Keynesian perspective. Given a consensus that demand is slowing down and a deteriorating external account as well, the conventional Keynesian response would be both lower interest rates and depreciation of the exchange rate.

The first two of the above considerations allowed the rise but it was the last that justified it. With the exchange rate down to DM 2.97 over the past week and below DM 3 since December 1987, there was both the room and the need to confirm the exchange rate floor. The principal role of the exchange rate anchor is to guide wage bargaining. Employers had to be reminded that, along with the ceiling to preserve competitiveness, goes a floor to punish inflationary folly.

## Tax mishap in New Zealand

TINY New Zealand, with a population of 3m, has spent much of the last three years basking in the international limelight as it moved breathlessly to restructure its economy and free its markets. It is back in the spotlight this week as a spectacular attempt at radical tax reform appears to have fallen from the high wire.

There is nothing surprising about this; tax reform is one of the trickiest of balancing acts, a feat which has defeated a troupe of the world's most famous comedians including Japan, Britain and West Germany.

Heavy regulation  
Mr David Lange's Labour Government took office in 1984 and inherited one of the most heavily regulated economies within the OECD.

## Lionel Barber on how Black Monday affects Senator Proxmire's attempts to reform US financial laws

# Trying to link the tracks

DURING his 30 years in the US Senate, Mr William Proxmire has been described as a prickly maverick with a penchant for lost causes and a penny-pinching crusader against public waste. The one sobriquet which has eluded the Democratic Senator from Wisconsin is that of a legislator capable of visionary reform.

Now aged 72 and on the brink of retirement, Senator Proxmire has one last chance to alter history's verdict. As chairman of the Senate Banking Committee, he has less than 12 months to fashion a landmark financial reform bill — one that would bring about the repeal of the 1933 Glass-Steagall Act.

Brady also suggested the exchanges consider "circuit breaker mechanisms" such as price limits or co-ordinated trading halts to control excessive market gyrations. Lastly, he proposed the creation of an intermarket agency to co-ordinate regulation in the financial system.

The first ring burst into activity last month with the publication of the Brady Commission report, drawn up by a presidential task force headed by Mr Nicholas Brady, a Wall Street banker and close friend of Vice President George Bush.



York stock market. This creates greater leverage — a small amount of cash can buy a large amount of equity — but also greater volatility. The Brady report proposed higher margins for futures and options markets.

Brady's message was not what a deregulatory Administration had in mind. Ostensibly, Mr Reagan needed more time and more evidence before passing judgment. In fact, Brady's intermarket message was not what an avowedly free-market, deregulatory Administration had in mind.

Though tentatively expressed, the report offered three controversial recommendations to curb market volatility. It was concerned with an allegedly free-market made by traders as security for purchases of financial assets.

debate is still in its formative stages. The Fed, for example, is not keen on assuming the overarching supervisory role which Brady envisaged. As the guardian of monetary policy, it already feels politically exposed in an election year.

The problem is that a new credit clearing process is almost bound to disturb the relative autonomy of the exchanges and no one is keen to take on the power of, say, the commodities futures market in Chicago, which has the heavyweights backing of the United Fruit lobby.

The New York Stock Exchange announced experimental curbs on the use of its electronic order system, widely used for computerised programme trading. A review is scheduled this week.

But observers believe these accommodating gestures do not address another core problem: the need for a central clearing mechanism cov-

ering both information and settlement between New York and Chicago.

According to one knowledgeable official, two incidents occurred around Black Monday which graphically illustrate such a need: two institutions found themselves short on futures and lost on stocks to the tune of \$97m and \$60m respectively.

The most obvious reason is time. Senator Proxmire needs every spare hour to push a banking reform bill through committee to the floor of the Senate. His target date is before the end of this month and he has several factors running in his favour, notably a year-long moratorium on bank regulatory reform

imposed by Congress last year. The moratorium is to expire on March 1 and to extend it further would, in many people's eyes, be an admission of failure.

Mr Joseph Grundfest, an SEC Commissioner, believes that the intellectual arguments in favour of repeal have largely carried the day: Glass-Steagall imprisoned the banks and left them unable to compete in new markets; they now stand at a clear competitive disadvantage with the securities business.

One legal strategist backing Proxmire noted that the other essential ingredient to reform is also present: emotion. "People think there is something wrong with the securities industry: the high salaries, the criminal activity and now the crash. They are no longer so sympathetic."

Proxmire is still to get his own committee on side. Indeed, he faces two rival bills, one of which would totally break down the barriers between banking and commerce.

The D'Amato-Cranston Bill (named after its respective sponsors, the New York Republican and the California Democrat) is so radical that its sole aim appears to be to galvanise opposition; in this case the targets are the real estate and insurance lobbies whose territory would — under the proposed bill — face incursion by the banks.

Obstacles also loom large in the House of Representatives where three committees have claimed jurisdiction over Senator Proxmire's bill: the Judiciary, Banking and Energy and Commerce Committees. This last committee, through the raw power of its chairman, Mr John Dingell of Michigan, can make or break financial legislation.

Under Senator Proxmire's model, the affiliates will operate under separately capitalised holding companies. The banks and securities trading would be insulated by a "fire-wall," strengthened by supervisory back-up.

If the regulatory framework is too restrictive or if the market access to new businesses granted to the banks is too narrowly defined in a short list of "enumerated powers," the whole debate could become redundant. "Enumerated powers is yesterday's ball game," says one official. "If it happens, the bank will probably just walk away."

In the last resort, the moratorium could prove the decisive issue. Some 20 cases in the New York Federal Court of Appeals are awaiting determination if Congress allows the moratorium to expire on March 1. The firms bringing these cases hope to exploit possible loopholes in the securities laws to achieve some, at least, of the effects of repeal of Glass-Steagall. If the courts decide, in effect, to save new banking powers, it would hardly constitute the sweeping banking reform sought by Senator Proxmire. But in a presidential election year and with the party conventions in summer closing in fast, there may not be enough time for his grander scheme.

## Caps without the Sir

The award of an honorary knighthood to Caspar Weinberger, the former US Defence Secretary, is clearly an appreciation of his help to Britain in the Falklands War.

## Faithful Bernard

Bernard Ingham, who has been Margaret Thatcher's Press Secretary almost since she became Prime Minister, is being tempted to leave and take up a new post as an academic.

## OBSERVER

demics are saying, who knows what will have happened to Thatcher by then?

## New Scientist?

Potential purchasers of New Scientist, Britain's highly profitable science magazine, are following closely an arcane dispute between the journal's staff and its owner, IPC.

## Yorkshire ties

The new exhibition of Yorkshire watercolour paintings opened without delay at the House of Commons yesterday

## Still burning

Another reader has come up with a story about hotels advising you to deal with fire, this time concerning a rather well known establishment in Copenhagen.

## DOUGLAS

Robert M Douglas Holdings PLC  
Civil Engineering, Building, Supply of Construction Equipment, Plant and Materials, Property Development

### INTERIM STATEMENT

The unaudited results for the half year to 30th September, 1987 are as follows:

	1987	1986	Year to 31 Mar 87
	£'000	(revised) £'000	£'000
Turnover	2,408	77,746	143,326
Profit on ordinary activities before taxation	2,176	1,788	4,459
Taxation	1,017	778	2,057
Profit attributable to members	1,080	519	1,048
Earnings per share	6.1p	6.5p	18.3p
Dividends per share	1.3p	1.2p	3.0p

The figures for the year to 31st March 1987 have been audited from the full accounts for that year which have been filed with the registrar of companies and on which the auditors gave an unqualified report.

The profit on ordinary activities before taxation is at the satisfactory level of £2.17 million for the 8 months under review. This compares with a revised figure of £1.79 million for the similar period last year, and demonstrates the strength of the group's current performance. The profit attributable to members has more than doubled and earnings per share continue to improve.

The Construction Division is producing much more satisfactory results, with a greater contribution from UK operations, and a considerably larger forward workload at home, balancing a reduction overseas.

The Construction Equipment Division has taken advantage of the improved level of activity in the construction industry in the UK, whilst its companies in Ireland and France also perform more satisfactorily than hitherto. The Australian and New Zealand companies are not yet experiencing any downturn in overall activity and are producing healthy results, though opportunities in the Middle East are currently somewhat limited. The results in the USA are below expectations.

The Materials Supply and Plant Hire Divisions are both enhancing their performance and seeking suitable opportunities for further expansion.

In the Specialist Contracting Division, British Lift Slab is now trading successfully and is on course for a profitable year, but both R.M. Douglas Roofing, which continues to wind down its operations, and Douglas Environmental Engineering are experiencing difficulties in negotiating satisfactory settlements on completed contracts.

Your directors have declared an interim dividend of 1.3p per share, which is covered more than six times by earnings and which will be paid on 18th March 1988 to members on the register at the close of business on 22nd February 1988. As mentioned in my statement of the annual accounts to March 1987, I look forward to a healthy improvement in group profits for the year to 31st March 1988.

Birmingham  
23th January 1988

JOHN DOUGLAS  
Chairman

150 من الاجل



Letters to the Editor

Economic sanctions could increase disorder

From Mr. Tammie Amies. Sir, I accept Mr. Pearsaud's view that dictatorship, strengthened by economic prosperity, does not reform itself out of existence (January 15). But I would still be careful in advocating economic measures against South Africa, for as no time in history has economic giant fallen without destroying the economic structure that held him up.

Both Mozambique and Angola have civil war going on, mostly fuelled by South Africa's military support for the opposing factions. The consequence is economic ruin, with extreme poverty and misery. Swaziland and Lesotho are wholly dependent on South Africa for money, ruin one and the other will be equally ruined, if not more so.

Botswana, Zimbabwe and Zambia also rely on the South African economy, and in particular on its infrastructure, for their transit goods. Other countries in the region (the Benguela, the Beira and the Tazara railway lines - but these cannot carry the whole burden; at least not yet. In addition, these countries are

within easy reach of South Africa's air force, as was demonstrated in 1985. Within South Africa itself we observe the civil unrest between the Inkatha and the UDF supporters. In a post-apartheid era the possibility of a fully-fledged civil war cannot be ignored.

From Mr. Aronson Pearsaud. Sir, Ms Merle Lipton's study, "The Dynamics of Economic Isolation," reported in the FT on January 20, suggests that economic sanctions against South Africa is a questionable strategy.

The "homelands." The experience of these people belies the belief that economic prosperity has drawn South Africans together. Today black life expectancy in the homelands is 20 years lower than that of whites, and black deaths from malnutrition are 31 times those of whites (National Medical and Dental Council of South Africa figures).

White living standards are, of course, among the highest in the world. Where are these economic bonds that have drawn together black and white? The homelands policy itself, reserving just 13 per cent of South Africa's total area for blacks who represent 80 per cent of the population, and

denying them any political rights in the rest of the country, can hardly foster bonds. In the words of another study on South Africa, "Mission to South Africa," by the Commonwealth Eminent Persons Group: "The degree to which apartheid has divided and compartmentalised South African society is nothing short of astounding...black and white live as strangers in the same land."

From Mr. Robert Hughes MP. Sir, The pessimistic conclusions of the new Economist Intelligence Unit report, Sanctions and South Africa, as reported by Michael Holman (January 20), are not justified by the evidence, and are certainly no more credible than Mrs Thatcher's claim to find apartheid repulsive.

The report's author, Ms Merle Lipton, whose hostile attitude to sanctions has been well known in her previous works, seeks to make two basic points: that sanctions, as applied so far, have failed to bring the apartheid regime to the negotiating table; and that they will in fact "impede economic growth as a brake on the economic progress."

From underlining apartheid, economic development as seen under South African conditions has entrenched the racist system. The modifications to apartheid which Ms Lipton lists as "reforms" promoted by the South African business community - such as relaxation of job segregation, urbanisation, and better education for blacks - are more the outcome

of sanctions pressures generated internationally and the freedom struggles of the South African people themselves. It is only a combination of South Africa's internal crisis and its external isolation that have led to the search for political solutions and for the ending of apartheid. Limited though these developments may be, they only reflect the limited nature of current sanctions. There is no doubt that comprehensive sanctions would have political impact comparable with their scope. And there is certainly no other convincing path of action for the international community to follow to help bring apartheid, and the violence it generates, to an end.

Romania urgently needs material aid

From Mr. Horia Georgescu. Sir, For a moment one could have imagined that your leader of January 26 read "A Western role in Romania," instead of a "Soviet" one. What you are advocating is not, in fact, an "imposed" intervention in that unhappy country, albeit (you hope) not military. It is doubtful that the Romanians, much as they would like to get rid of Ceausescu and his hated regime, would "support" yet another imposed foreigner.

Odd socks are on the increase

From Mr. Alan Wadhams. Sir, An interesting theory in the Reader's Digest a few years ago suggested that socks in the larval stage during a life cycle. One sock is destined to remain at the larval stage; its sibling grows up to become a wire coat hanger. If Mr Moss

Mastery of skills is what matters

From Mrs Alison Wolf. Sir, Your article on the National Institute of Economic and Social Research study of entry to social training (January 21) rightly stresses the need at Britain's low number of qualified workers at craftsman and technician level. It does not follow, however, that we will necessarily improve matters by copying a system of training method some other "high output" country chose to adopt.

Figures quoted for FAO funding do not relate to reality

From Mr. Richard Lydder. Sir, Your article, "Britain Delays Funds for UN Body" (FT January 27) is surprising in several ways. The comment that the UK government is delaying payment because it is dissatisfied with FAO management and financial control is particularly surprising.

Europeans should shoot for the moon

From Mr. Malise Graham. Sir, On January 22 you dismissed the advocacy, by the French Minister for Finance, of a unified currency and central bank for the European Community as "shooting for the moon."

Western states of the US, and to the Argentinean pampas

From Mr. D.S. Tallon. Sir, Mr. D.W. Moss (Letters, January 26) is right. Nearly 30 years ago, as an article clerk, I was sent on an audit to the South Trading Estate. (In those days to do an audit there was considered character-forming.)

Chemical so that on the third or fourth washing it dissolves

From Mr. Michael Mallon. Sir, I have a question. I have a pair of socks in my wardrobe which I have followed for several years. I buy Marks & Spencer socks exclusively in black and I have never had an odd sock since.

More generally, it is very risky to draw conclusions about the quality of training by comparing different syllabuses

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Management and financial control of the United Nations Food and Agriculture Organisation has been continuously and independently reviewed

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FOREIGN AFFAIRS

Hearing the message of the uprising

NOT 80 long ago it was regarded as a mark of extreme anti-Zionism, if not anti-Semitism, to suggest that Israel might, if it remained too long in occupation of the Arab territories conquered in 1967, come to resemble South Africa.

Now, that "odious comparison" is so widely made that an internal Foreign Ministry document has been prepared, instructing Israeli representatives abroad on how to respond to it. It is also extensively discussed inside Israel. Last week, for instance, the Jerusalem Post published an exhaustive analysis, written by a rabbi, which listed 24 similarities and 12 differences, concluding with a plea "that there should be no knee-jerk lumping together of the two countries."

It is obviously an embarrassing state of affairs for the Foreign Ministry and for the Labour Party. However, it does not seem to bother the Prime Minister, Mr Yitzhak Shamir. His Likud bloc and its potential allies to the right know what they want and do not much care what the rest of the world thinks of it. They regard South Africa, not exactly as a model, but as a useful ally which shares some of their problems and some of their outlook.

What they want is the incorporation of the territories into Israel without giving civil and political rights to the Arab inhabitants. For this purpose the present regime, in which they exercise the rights of a belligerent occupying power without accepting the limits imposed on the treatment of the civilian population by the Fourth Geneva Convention, is preferable to outright annexation which would extend to the inhabitants the protection of Israeli civil law.

supported it publicly; and it could gain much wider support if the Arab population continues to show itself anything but submissive. One way or another, the Palestinian "uprising" is likely to mark a turning-point in the history of Israel. For what it amounts to is a spectacular rejection of the South-Africanisation of the Israeli-Palestinian problem.

live. Of course, those whose parents were refugees know which village in pre-1948 Palestine they belong to. But the West Bank and Gaza are the homes they have grown up in, and they know the Israelis not as a pushy immigrant community but as a foreign occupying force from a neighbouring state.

Edward Mortimer, recently in Jerusalem, assesses Israel's chances of escaping 'South-Africanisation'

problem back to its pre-1948 nature: two communities, Jewish and Arab, facing each other in one country. But the Palestinians of the occupied territories realise what has been happening. They refuse to see themselves as underprivileged citizens of Israel and insist on defining themselves as a separate people under foreign occupation. They unanimously demand their own independent state.

Part of the Labour Party, led by the Defence Minister, Mr Yitzhak Rabin, has allowed itself to be driven into alliance with the right in its anxiety to see the Palestinians reduced to submission before any peace moves are undertaken. Another part, led by the Foreign Minister, Mr Shimon Peres, feels betrayed by the willingness of outsiders - particularly the US Government and the American Jewish community - to subsidise Israel even more generously through the years of the Likud Government. This has destroyed Labour's strongest argument: that Likud's extreme policies would antagonise Israel's supporters abroad.

Advertisement for Mercury Telex Service. Features a large speech bubble with the text: "A 10% reduction in telex bills? Hold the phone!" Below the bubble, it says: "If you spend £1,000 or more each year on telex bills you should consider switching to Mercury. Telex users who choose Mercury can save 10% on international calls, up to 20% on UK calls. And itemised billing is standard. Connection is simple. In fact, you keep your existing telex number and line, so you could be using Mercury's telex service within a matter of days. All for a monthly registration fee of just £5. Just complete and return the coupon." Includes a form with fields for Name, Company Name, Address, Telephone, and Postcode. Mercury Communications logo and address: Mercury Communications Ltd, Mercury House, 1 Brentside Executive Centre, Great West Road, Brentford, MIDDLESEX TW8 9DS.

Shultz to visit Moscow for talks with Shevardnadze

BY CHARLES HODGSON IN MOSCOW

MR GEORGE SHULTZ, the US Secretary of State, is to visit Moscow on February 2-3 for talks with Mr Eduard Shevardnadze, the Soviet Foreign Minister...

aim of the talks was to "conduct the necessary preparation of the draft treaty on the 50 per cent reduction of strategic arms...and to create conditions for President Reagan's forthcoming visit to Moscow to end with a concrete result."

The official Tass news agency quoted Mr Gennady Gerasimov, the Soviet Foreign Ministry spokesman, as saying that the visit was the first in a series of planned exchange visits by the two foreign ministers agreed at the Washington summit in December between President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader.

Mr Reagan said after the Washington summit that he hoped to go to Moscow to sign a strategic arms reduction treaty (Start) in the first half of this year.

Senior US officials have said that major obstacles remain to an agreement to cut strategic arms but that agreement could still be reached this year.



Eduard Shevardnadze and George Shultz in discussion summit

David Marsh in Bonn looks at the Chancellor's political style as he visits Britain

Adversity fails to ruffle Kohl

MRS MARGARET Thatcher, the British Prime Minister, will today have a first-hand chance to explore whether the difficulties being experienced by Mr Helmut Kohl's Bonn coalition have dented the West German Chancellor's self-confidence.

Mr Kohl, who travels to London today for talks with the British Premier, is exuding an air of jaunty resolution in spite of perennial doubts about his leadership qualities at the head of a permanently fractious administration.

Today's talks will take place in a strained atmosphere. The British Foreign Office complained last week about Bonn's stance on terrorism - London believes efforts made in the West German capital to free two German nationals kidnapped in Lebanon have contradicted European Community guidelines on firm dealings with hostage-takers.

In addition, the two sides still seem to be far apart on the thorny question of EC agricultural reform, while West German views on the next stage of nuclear disarmament have also caused irritation in London.

As well as the political differences, there is an element of personal discord between the two leaders. This seems to be a matter, above all, of style. In spite of their similar political views, Mr Kohl's verbosity does not go down well with Mrs Thatcher.

The Chancellor's aides point out that he can be decisive to the point of brusqueness in private. But his wordiness can cause a special problem when, as in conversations with Mrs Thatcher, his remarks need to be translated, and the listener has to hear the flow of speech twice over.

Mr Kohl's love of rambling



Smiling through, Kohl remains resolute despite the problems facing his coalition government

Summit run-up starts in earnest

The diplomatic run-up to the European Community summit to be held in 10 days' time began in earnest yesterday. West Germany, current holder of the EC presidency, gave an assurance that it was not aiming to isolate Britain at the meeting, and Brito showed signs that it might be willing to be conciliatory over at least one aspect in

the budgetary and agricultural debate. Meanwhile, British Prime Minister Margaret Thatcher was expected to pull out all the stops today to try to persuade West German Chancellor Helmut Kohl to accept more radical reform of Community farm policy.

anecdote is summed up by another senior foreign diplomat here who says that when talking to Mr Kohl 'you've got to get the question across concisely. Don't give him the chance to start talking about the last time he was in Hungary.'

When it comes to criticism, Mr Kohl, his aides say, tends simply to ignore it. The recipe has stood him in good stead throughout his political career, and the Chancellor has had particular opportunity to put it into practice during the latest bout of coalition squalls.

Mr Kohl's aides also try hard to make a virtue out of adversity, saying that frequent coalition discord is just one example of openness of debate in West German politics.

All the same, even the Frankfurt Allgemeine Zeitung, the conservative daily newspaper which always used to be contrasted most bitterly by the Kohl administration's firm allies, last week took issue with the style and efficiency of the Kohl administration.

The lack of a firm hand on the government tiller has been illustrated most clearly by the recently-ended trip to South Africa and Mozambique by Mr Franz Josef Strauss, leader of the Bavarian Christian Social Union (CSU) coalition party and an old sparring partner of Mr Kohl's.

the liberal Free Democratic Party (FDP), the junior coalition partner, by appearing to stand up for apartheid, and to undermine the official Bonn line on Namibia and the South African human rights issues.

Faced with what looked like an attempt to displace the official disapproving line on South Africa set down by Mr Hans-Dietrich Genscher, the FDP Foreign Minister, Mr Kohl was forced to make a statement yesterday to calm matters down.

The episode with Mr Strauss, says one official close to Mr Kohl, was one example of "how difficult it is to be in a coalition with the CSU".

There has been no shortage of other disagreements. These spread beyond a string of recent coalition squabbles over health and social security spending, and on law and order. And Mr Kohl has faced problems on the economy, including his Government's brush with the Bundesbank, the constitutionally independent central bank, over the setting up of a Franco-German economic committee which could constrain its autonomy, and disarray over announcement of a big increase in the budget deficit.

Mr Kohl has taken all this in his large stride. One Bonn ambassador who knows him well, sees this inability to be rattled as a mark of strength. This ambassador, somewhat atypically, finds Mr Kohl a good deal more impressive than former Chancellor Helmut Schmidt.

Another ambassador here has a less flattering impression of Mr Kohl than meets the eye. "He's good at presiding over a committee as long as it's in agreement," says this diplomat. "But if it's in disagreement, he doesn't have any better idea than to send the people out of the room and ask them to sort it out."

Given the tricky questions of EC reform faced by West Germany during its current period of presidency of the Community, this does not bode well for Kohl's ability to steer through solutions in some of the areas on his agenda with Mrs Thatcher today.

Seagram wins bid battle for Martell

By George Graham in Paris and Lisa Wood in London

SEAGRAM, the Canadian drinks group, has defeated Grand Metropolitan, its UK rival, in the battle to win control of Martell, the French cognac producer.

The Martell board last night unanimously recommended Seagram's bid, which increased from £937.5m to £987.5m, which tops the third and final offer from GrandMet by 5 per cent.

GrandMet said that it would not raise its bid again, and in the absence of other potential bidders, the cognac house, which has remained in the hands of the Martell family for eight generations, will join the Seagram empire.

GrandMet said it would probably sell its 22 per cent stake to Seagram, rather than remain a minority shareholder. The UK group's disappointment will be tempered by the £36m (£63.72m) net profit it will make on its shares sale.

The battle for Martell has been one of the most hotly disputed the Paris stock market has seen. It is the second time in less than a year, after the auction for industrial gas producer Dufour et Igon, that a French company has been fought over in the market by rival foreign bidders.

Mr Firino-Martell had agreed by a private deal in December to sell the 41 per cent block of shares controlled by his family to Seagram at a price of FF2,500 n share. Seagram had already bought around 12 per cent of Martell in the market.

The deal came unstuck on the objections of GrandMet, then the company's second largest shareholder with 19.5 per cent and a major distribution agreement, and on the annoyance of the French stock exchange authorities at what they felt was an attempt to bypass normal market procedures.

The acquisition gives Seagram one of the four major cognac brands which will strengthen its portfolio of international brands which include Chivas Regal.

With Hennessy forming part of the Moët-Hennessy-Louis Vuitton group and Convoisier owned by Hiram Walker, only Rémy Martin among the major brands remains in family hands.

THE LEX COLUMN

Lawson pulls a fast one

It might seem odd that the markets were surprised by yesterday's rise in base rates. The Governor of the Bank of England had said back in early January that rates were going up, then he said it again last Friday, but no one believed him.

Martell If the Martell family had been playing off one suitor against another all along, it could scarcely have hoped for a result more to its liking.

The analysts, jobbing backwards with the practised ease of Lawson-watchers, were quick to explain the logic. The reduction in rates late last year was a crisis response which allowed for the worst possible consequences of the market crash.

An element of skilful scheming might also be traced in Grand Met's behaviour. By making its final offer twice as generous as was required, it has inflated the profit on its stake to about £40m.

As it happened, sterling at DM2.966 yesterday morning was almost exactly where it was at the time of the August rise. This weakness, combined with a rally in equities, provided a convenient window for the authorities with the result that the FT-SE100 index struggled heroically through the 1800 barrier only to be knocked on the head a few minutes later.

Yet Seagram's deal does not succeed in outlocking those charms: unless it can annual Martell's distribution with Grand Met, it will find itself sharing them with its old rival. Even though both companies' international brands may prove distinct enough to allow them to co-exist in the Far East, it is unlikely that Seagram would succeed in such an arrangement for long.

So now what? Optimists point to the widening gap between gilt and US bond yields, now a little over 1 per cent, but in the past 18 months, the gap has been anything between 3 per cent and zero.

Such an anomaly cannot persist much longer. But there is no reason that London should do the same. Even in the global marketplace, there are barriers to the free migration of multiples across international boundaries - especially when one of the markets involved is under a political cloud.

Bank provisions There is a danger that the bigger and stronger bank, the more likely it is to flaunt its financial muscle in order to gain an advantage over its weaker rivals.

It may be conventional stock exchange wisdom that the sum of the parts is greater than the whole, but Cable and Wireless is stretching the point in its case.

Termination, on the other hand, may prove costly.

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Alleged 'Waldheim telegram' is missing

BY JUDY DEMPSEY IN VIENNA



Waldheim: not disturbed

A HISTORIAN delving into the wartime past of Mr Kurt Waldheim, Austria's president, flew to Yugoslavia yesterday, seeking a document alleged to implicate Mr Waldheim in the transportation of partisans to concentration camps.

There were conflicting reports, meanwhile, about the whereabouts of the alleged document.

Manfred Messerschmidt, a member of an historians' commission investigating Mr Waldheim's activities flew to Yugoslavia after Der Spiegel, the West German magazine, claimed to have a copy of a wartime telegram sent by Mr Waldheim. The telegram allegedly requested transportation of 4,224 civilian prisoners at Kozara in Bosnia to concentration camps near Belgrade.

had been discovered in a Zagreb archive by Mr Dusan Plenca, a Yugoslav military historian. But an official in the city's main archive said yesterday such a document was not in Zagreb.

According to Reuters's newspaper, Mr Plenca said he had no intention of helping Mr Messerschmidt to locate the document and accuse Mr Waldheim of working "superficially".

Mr Plenca insisted that the document was genuine and threatened to sue the Austrians for suggesting it was a fake.

An Austrian daily which has supported him, Mr Waldheim said the latest document is "of the highest unreliability".

An Austrian official said: "It should not be ruled out that this document is a forgery" given that neither Der Spiegel nor the six-man commission of historians set up by the Austrian Government to investigate Mr Waldheim's past had actually seen it.

These events come just days before the historians' commission is due to present its report to Mr Franz Vranitzky, the Austrian Chancellor. In West Germany, Mr Hans-Peter Martin, the Spiegel journalist who broke the story, said the magazine had no doubt the document was genuine.

"If we thought it was a forgery, we wouldn't have printed it," he said.

World Weather

Table with columns for location, temperature, and weather conditions.

Brazil plans \$350m payment to banks

BY ALEXANDER NICOLL, EUROMARKETS EDITOR, IN LONDON

BRAZIL is to make a \$350m payment today to its commercial bank creditors to help cover interest arrears for 1988.

The announcement by Mr Fernando Milliet, Brazil's president, and Mr William Rhodes, the Citibank executive who chairs the bank advisory committee, appeared to suggest a significant warming in relations between the two sides.

He and Mr Milliet said both sides, which have been negotiating in New York for over a week, wanted to reach a medium-term rescheduling agreement as soon as possible.

The two sides have been negotiating over 1988 payments because Brazil failed to resume keeping interest payments current from the beginning of January. Banks had thought that Brazil had undertaken to do so

part of an interim agreement late last year.

Today's payment is likely to cover about one third of January interest, but it was also disclosed that Brazil has made other payments totalling \$85m in January. The \$350m is to cover interest due on January 15, though other January payments will remain unpaid.

ADVERTISEMENT

NEWS REVIEW

BUSINESS

Automatic test equipment contract for RAF Tornados

A follow-on order for the supply of automatic test equipment to the Royal Air Force has been won by Ferranti Defence Systems.

Laser for VW

VW, the company which manufactures the Golf, the car everyone can rely on, has for the past 20 months been relying on a ROBOLASER system using a Ferranti laser operating at the heart of an advanced dedicated robotic laser cell designed and installed by Futurologie Industrielle Automation GmbH.

Briefly...

Jaguar Cars Limited has placed a £1m contract with Ferranti Computer Systems, Wythenshawe Division, for a highly advanced turnkey Vehicle Electrical Testing System (VETS).

INTERIM Ferranti and ISC New name results

Interim announcement from Ferranti and International Signal & Control was made jointly last week, confirming acquisition accounting will be used from unconditional date 16 Nov 87. Over 90% acceptances have been received.

Table with columns for FERRANTI and ISC, and rows for 1987 and 1986 financial data.

DEFENCE Keeping NATO in touch

A multi-million pound contract has been won by Ferranti Computer Systems, Cheshire Heath Division, to supply the message processing computer hardware and software for Cross Fox - a high frequency ship-to-shore message-handling system which will enable NATO Command HQ to exchange operational information with ships assigned to a NATO role.

Ferranti International logo and text: selling technology

Ferranti International Signal - The merger of Ferranti plc and International Signal & Control Group PLC.

Handwritten Arabic text at the bottom of the page.

# SECTION II - COMPANIES AND MARKETS FINANCIAL TIMES

Tuesday February 2 1988

## BP victory in Britoil bid may hinge on safeguards

BY PETER RIDDELL AND STEVEN BUTLER IN LONDON

THE UK Government may not use its "golden share" to stop BP, the leading British oil group, from taking management control of Britoil, the Glasgow-based oil group, provided specific safeguards are agreed in talks this week about the latter's involvement in Scotland and its future North Sea development plans.

A shift in the Government's approach from its previous opposition to BP control, indicated in the House of Commons yesterday by Mr Nigel Lawson, the Chancellor. This follows the sale by Atlantic Richfield of the US of its 24 per cent holding in Britoil to BP, whose stake has been increased to nearly 64 per cent.

Under the terms of the privatisation of Britoil in 1982 the Government has a single special

## Wall Street cools to purchase of E-II

By James Buchan in New York

WALL STREET yesterday responded without much enthusiasm to the \$1.1bn "Pac Man" purchase of E-II Holdings by American Brands announced late on Sunday.

Analysts said yesterday that the deal was a deft coup for Mr Donald Kelly, the 45-year-old E-II chairman who has been menacing American Brands with takeover, but brings only modest benefit to the diversified cigarette maker, which has annual sales of more than \$9bn.

American Brands stock fell 2 1/2% to \$43 1/2 in early trading yesterday in response to its agreement on Sunday to buy E-II for \$10.00 a share, while E-II rose 2 1/2% to \$5 1/2. As part of the deal, Mr Kelly agreed to drop plans to seek control of American Brands board and promised not to buy the company's stock for 18 months.

Analysts say the deal gives a handsome profit to E-II stockholders - above all, Mr Kelly, his management and two Wall Street firms, Drexel Burnham Lambert and Kohlberg Kravis Roberts, which together control 30.9 per cent of the company on a diluted basis.

E-II, which consists of a group of consumer products businesses spun off from Sears, Inc., in 1987, was floated as a public company in a takeover vehicle at \$15 a share last summer. But it has since lost \$132m in the stock-market October crash.

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In the first use for years of the so-called Pac Man defence - where a takeover victim gobble up its pursuer - the chairman of the well-known video game - American Brands last month offered \$13 a share for E-II. But at hectic meetings over the weekend, E-II provided new information that would make the offer there is substantially more value in E-II, according to Mr William Alley, American Brands chairman.

Mr Alley also said the purchase would provide a cellular telephone business, but also allow the company to create a new hardware and household products business and expand its office products business.

## David Owen in Toronto reports on the stalking of Federated Department Stores Campeau chases his biggest prize

LITTLE MORE than a year has passed since Mr Robert Campeau, the Canadian developer, threw a party at the reconstructed Temple of Dendur in New York's Metropolitan Museum of Art to celebrate the success of his daring US\$3.6bn raid on Allied Stores.

At the time, many analysts expected Mr Campeau's Toronto-based Campeau Corporation to be brought to its knees by the mountain of debt it had taken on to finance the purchase. "Is Campeau in over his head at Allied Stores?" wondered Business Week last February.

However, last week the former Inco machinist was back on the acquisitions trail, chasing the even bigger prize of Federated Department Stores - owner of Bloomingdale's, Filene's and much else besides. Is this not a case of the pushy francophone's eyes being bigger than his stomach?

With markets so unsettled, the prudent answer is that, yes, it may well be the case. Mr Campeau has, after all, been known to overstep the mark - most notably in 1980 when he raised the hackles of the entire Bay Street financial community by attempting to seek control of Royal Trustco, then Canada's largest trust company.

Nor is Campeau Corporation yet back in the financial pink, having recorded a net first-half operating loss of C\$85.8m (US\$55m) on revenues of C\$1.9bn.

Nonetheless, the mercurial 64-year-old, who for years was known simply as an Ottawa house-builder, has won many converts over the past 12 months of frenetic activity.

In a nutshell, Campeau has scythed its estimated C\$8.5bn



Robert Campeau: Eyes bigger than stomach?

end-1986 debt load with remarkable alacrity. Mr Harry Rannala at Merrill Lynch Canada puts the corporation's current debt at a manageable C\$5bn or so. The drastically pared-down Allied Stores, he projects, will take in after-tax 1988 profits of US\$75m to US\$125m.

Observers initially began to change their tune about the wisdom of Mr Campeau's gamble in February when a US\$1.15bn securities issue (comprising \$250m of preferred shares, \$200m of 10 1/2 per cent notes and \$700m of 11 1/2 per cent debentures) was greeted by exceptionally strong investor demand. The proceeds enabled Campeau to repay temporary loans from First Boston, its investment adviser, that were used to finance part of the acquisition.

Mr Campeau has also scored points by slashing overheads at the New York-based chain. By September, Allied was anticipated to have annual savings of US\$70m and a two-thirds reduction of corporate staff.

But it was with the quickfire sale of Allied assets during 1987 that Mr Campeau really turned heads. Two-thirds of the chain's 24 operating units were put on the block, enabling the company to repay its lenders some US\$1.1bn.

While many initially thought that time pressure would force Campeau to sell the stores for less than their value, analysts now say that this has not been the case. Not only that, but he has also unequivocally kept the crown jewels.

The units that remain under Campeau's wing, including Jordan Marsh and Brooks Brothers, last year contributed 52 per cent of sales and 87 per

## Forstmann outbids Emhart with \$820m Stanadyne offer

BY OUR FINANCIAL STAFF

FORSTMANN LITTLE, the US leveraged buyout specialist, yesterday announced a definitive agreement to buy Connecticut-based Stanadyne for \$65 a share, or about \$820m, outbidding Emhart by more than \$200m.

In a joint announcement with Stanadyne, which manufactures precision building products for consumer and industrial use, Forstmann said the transaction was fully financed and not subject to a financing condition.

The deal, if completed, would be a heavy blow for Emhart, the US consumer and industrial products group which had offered to buy Stanadyne for

\$40 a share. On January 20 Stanadyne, whose products include plumbing parts and kitchen and bathroom taps, rejected the offer as inadequate and not in the best interests of stockholders. Emhart had no comment on the buyout agreement yesterday.

The Forstmann unit to acquire Stanadyne has been granted an option to buy 4.8m shares of Stanadyne common and class A common - about 36 per cent - owned by trusts established by the will of Beatrice P. Delany.

Stanadyne agreed to pay Forstmann a commitment fee of \$1.50 a share and to reimburse

## Resorts recommends new Trump offer

BY OUR FINANCIAL STAFF

RESORTS International, the Atlantic City-based casino group, said a special committee of its board had agreed to recommend acceptance of a merger proposal from Mr Donald J. Trump, the New York property developer who

and had bought some Class B shares that he did not already own for \$135 a share.

Under Mr Trump's proposal, a tender offer would begin for all shares of Class A common at \$22 a share in cash.

Meanwhile, the developer has applied the techniques learnt from the Allied pruning to his substantial property portfolio. By end-November the corporation had sold an estimated C\$500m of North American property in 1987 alone. "There will be more of that activity continuously," predicts Merrill Lynch Canada's Mr Rannala.

In short, the question marks hanging over Mr Campeau's US

## Pru-Bache unit loses \$100m

BY JANET BUSH IN NEW YORK

PRUDENTIAL-BACHE Securities, owned by the Prudential Insurance Company of America, incurred a loss of about \$100m in 1987 due partly to rapid expansion of its staff and various special charges but also because of a negative impact on profitability from the October share price collapse.

Prudential Insurance, which is owned by policyholders and its subsidiary Pru-Bache, do not report earnings formally. However, the unit confirmed yesterday that its loss in 1987 would be around \$100m compared with a profit of \$17m in 1986, which included a \$25m charge for hiring additional staff.

## Santa Fe board changes

BY OUR NEW YORK STAFF

SANTA FE Southern Pacific, the Chicago-based rail, energy and property group which is attempting a large-scale restructuring of its businesses, has allied with the Reichmann family of Toronto to defeat a rebellion by its largest shareholder, Mr Michael Dingman's Henley Group.

Santa Fe said over the weekend that it had appointed to its board Mr Paul Reichmann and Mr Marshall Cohen, senior executives of the Reichmanns' private property and energy group, Olympia & York.

Olympia & York, North America's largest property developer, revealed yesterday that it

## BellSouth withdraws MCA offer

BY OUR FINANCIAL STAFF

BELLSOUTH, the US telecommunications group, has withdrawn its \$564m offer to acquire Mobile Communications of America, a fast-growing US paging and cellular telephone group.

The company did not disclose the offer terms but said extensive talks had failed to produce a final agreement. In 1986, the two companies formed a joint venture to provide a cellular radio telephone service.

Separately, however, Mississippi-based Mobile Communications said BellSouth had broken off talks when Mobile told the company of other potential buyers expressing serious interest, with offers in excess of BellSouth's proposal.

Mobile Communications offers nationwide paging services on a common frequency using satellite distribution facilities, with over 400,000 customers.

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Reinsurance Advisor  
Guy Carpenter & Company, Inc.

Morgan Guaranty, subsidiary of J. P. Morgan & Co., acted as financial advisor in the formation of Centre Reinsurance Holdings Limited, and in the private placement of these capital funds

**JPMorgan**

January 1988

## Armco stages \$117m recovery in earnings

BY OUR FINANCIAL STAFF

ARMCO, the diversified US steelmaker, barely broke even in the final quarter of 1987 but still achieved earnings of \$117.5m for the full year, including a \$50.9m income from unusual items, on sales of \$2.93bn.

This compares with a \$472m loss in the previous year, which included a \$444m special charge and losses from discontinued operations, on sales of \$2.64bn. Earnings per share were \$1.35, compared with a \$7.04 loss previously.

Fourth-quarter earnings were \$3.1m, after a \$14.6m charge, or 1 cent a share, on sales of \$737.4m, compared with \$34.6m last time, which included income of \$26.6m for life settlements and special credits, or 49 cents a share, on sales of \$668.2m in 1986.

Mr Robert Boul, chairman and chief executive officer of the New Jersey-based company, singled out the contribution made by the flat-rolled carbon steel business, whose resurgence began in the fourth quarter of 1986. Yearly sales increased by 24 per cent, to \$1.84bn, from \$1.57bn.

## CP Hotels expansion

BY DAVID OWEN IN TORONTO

CANADIAN PACIFIC, the country's largest conglomerate, is to buy the hotel chain of Montreal-based Canadian National Railways, its domestic rail competitor, in a deal worth C\$265m (US\$209m).

The purchase will make the CP subsidiary Canadian Pacific Hotels the biggest owner of hotels in Canada. Among the properties to pass into CP's hands will be the well-known Chateau Laurier in Ottawa and Edmonton's Hotel Macdonald. The bid was the best of 40 offers received.

Government-owned Canadian National, which faces intensifying competition as a result of the deregulation of the domestic transport sector, is selling most of its non-rail assets to reduce debt. The company recently sold its trucking unit and has announced plans to seek buyers for two telephone utilities which it owns.

CN said that CP has agreed to continue operating all the properties as hotels and to absorb all of CN Hotels' employees.

CP currently operates 17 hotels across Canada.

## Tension mounts on eve of SGB decision

BY TIM DICKSON IN BRUSSELS

TENSION WAS rising in Brussels last night ahead of today's eagerly awaited verdict by the Belgian Banking Commission on Mr Carlo De Benedetti's proposed bid for 15 per cent of the shares in the country's most powerful company, Societe Generale de Belgique.

Mr De Benedetti's apparent determination to take effective control of La Generale by adding to his existing 15.6 per cent stake has provoked a mixture of excitement and concern in Belgium and has inspired Mr Andre Leysen, a Flemish businessman, to rally to the support

## Wall Street cools to purchase of E-II

BY JAMES BUCHAN IN NEW YORK

WALL STREET yesterday responded without much enthusiasm to the \$1.1bn "Pac Man" purchase of E-II Holdings by American Brands announced late on Sunday.

Analysts said yesterday that the deal was a deft coup for Mr Donald Kelly, the 45-year-old E-II chairman who has been menacing American Brands with takeover, but brings only modest benefit to the diversified cigarette maker, which has annual sales of more than \$9bn.

American Brands stock fell 2 1/2% to \$43 1/2 in early trading yesterday in response to its agreement on Sunday to buy E-II for \$10.00 a share, while E-II rose 2 1/2% to \$5 1/2. As part of the deal, Mr Kelly agreed to drop plans to seek control of American Brands board and promised not to buy the company's stock for 18 months.

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INTERNATIONAL COMPANIES AND FINANCE

The Norwegian mini-computer group faces a long, hard road to recovery. David Thomas reports

Norsk Data takes a sledge-hammer to costs

MR ROLF SKAR, president of Norsk Data, the once high-flying Norwegian computer company which yesterday reported the worst financial results in its history, is used to receiving guests at his headquarters in the hills outside Oslo under very different circumstances. Over the years, a stream of visitors have trekked to the high tech steel-and-glass structure to seek the secret of Norsk Data's success. Mr Skar understandably enjoyed holding forth on the factors which had generated average sales increases of 43 per cent in the five years before 1987. Norsk Data's technological excellence, its commercial boldness, its informal atmosphere consciously modelled on a university campus, its staff loyalty, all contributed. Since the tail-end of last year, however, visitors have been seeking out Mr Skar to ask a different question: what has gone wrong? October brought the first signs of trouble, when Norsk Data said it was carving NKr160m off its NKr560m-600m (\$84.2m) profit forecast for 1987. Then two weeks into the new year came the body blow: 1987 profits would be about half those of the previous year. In Norsk Data's progress the latest example of a trajectory followed by many European high-tech companies? They soar into the firmament, burn brightly for several years only to fizz out almost as quickly,

unable to mount a sustained challenge to the US and Japanese high-tech multinationals. Or perhaps, as Norsk Data itself believes, is it the first company to be rocked by a development which will send shock waves through most of the computer companies in Europe - a sharp slowdown in orders by customers more cautious since the October crash? Mr Skar painfully unfolds a story which contains elements of both these explanations, although the company puts nearly all the stress on the last of them: orders are drying up, a trend it claims, also affecting most of its competitors, especially if results are reported in local currencies, rather than inflated by being translated into dollars. Norsk Data gained market share in Norway, which accounts for about half its sales, by far its biggest market, but says that overall Norwegian demand was flat - a severe setback for an industry used to double-digit growth. The US and India, Norsk Data's two main non-European markets, had their own problems. Orders did not materialise in the US, where Norsk Data's business consists almost entirely of two large defence contracts. In India, Norsk Data's sales took a nosedive when the Indians failed to buy the technology. In France, Norsk Data notched up "very modest" sales after the ending of its exclusive distribution arrangement with Matra, the French electronics

group. The UK was a relatively bright spot, although even there sales fell short of ambitious targets, partly, the company says, because management energies were diverted to integrating Wordplex, the word processing company acquired in August 1987. Yet one country stands out as a black spot even among this catalogue of woe - West Germany, Europe's biggest market, which accounted for 9 per cent of Norsk Data's sales in 1986. Anticipating a surge in business, Norsk Data had added substantially to its German

head count. In the event, the extra overheads coupled with flat sales resulted in spiralling losses. Mr Skar blames the German shortfall on two factors. The first is nervousness after the October crash. The second, more long-term, is greater caution over computer purchases generally, now that the industry has matured and many customers are buying second or third generation systems. These factors hit Norsk Data badly in Germany, because it is not well-entrenched there and because most of its business is selling computer aided design

claims about the German market are on balance supported by competitors and industry observers, the question still arises as to why the company failed to spot the trends. Mr Skar refuses to blame his local managers for this hyper-optimism, saying the whole management team was responsible for assuming that Norsk would continue to grow. Even so, Norsk Data has reacted to its crisis by taking a fine tooth-comb to all its operations. Actions since the crisis include: **R**evising a more coherent marketing strategy, particularly for its non-Scandinavian subsidiaries. In future, they will concentrate on certain target markets, principally office systems, CAD/CAM and the publishing industry. **S**hake-up in research and development activities. **C**ost-cutting drive, including a crackdown on recruitment and manufacturing (CAD/CAM) systems to industry, an area particularly affected by the new cautiousness, the company says. Mr George Verghese, an electronics analyst with Deutsche Bank, agrees that Norsk Data is by no means alone in reporting fewer orders from the mechanical engineering sector. Ms Hilde Uhler, a Munich-based computer analyst with Dataquest, the US research consultancy, says German companies are now reluctant to order computer systems unless clear cost savings are attached to them. But even if Norsk Data's



Rolf Skar: finding out what went wrong

Total bids for rest of refining offshoot

BY GEORGE GRAHAM IN PARIS COMPAGNIE FRANCAISE des Petroles, the French Total oil group, has offered to buy out the minority shareholders in Compagnie de Raffinage et de Distribution Total Franca (CRD), its refining subsidiary, for FF776m (\$138m). The French oil group is offering FF90 a share for the 28 per cent of CRD's equity that it does not already own. If the bid ends up with Total owning more than 95 per cent of the refining company, it has undertaken to buy up all the outstanding CRD warrants at FF10 a warrant. The refining sector has remained a source of losses for Total, as for other French oil companies, despite heavy investments. Total had earlier raised its stake in CRD from 55 per cent to 72 per cent, but the division is understood to have lost about FF1bn last year, accounting largely for the group's failure to meet its profits forecast of FF2bn to FF2.5bn. Mr Francois-Xavier Ortolu, Total's chairman, last week announced that the group would report net profits of about FF1.5bn for 1987, after a loss of FF1.25bn the previous year, with gains from the revaluation of stocks amounting to FF600m. French oil refiners as a whole lost an estimated FF2.3bn in the first half of 1987 alone, as a result of the estimated 200m tonnes a year refining overcapacity in western Europe. They had returned briefly to profit in the first half of 1986 after losing money in 1984 and 1985. Total said yesterday that CRD's lack of capital and the weight of its financial costs meant that it was unable to carry through its restructuring and warned that the outlook for 1988 was uncertain.

Dutch retail group sells chain of supermarkets

BY LAURA RAUN IN AMSTERDAM KBB, a leading Dutch retail group, has sold its troubled Maxis chain of self-service supermarkets to Garvey Holding, a Swiss grocery group. The Dutch group has taken a FF7m (\$3.7m) book loss on the disposal. The loss combined with a heavy tax bill will weigh heavily on KBB's profits for the year ended January 1988, although they will still be higher than the FF74.4m of the previous year, KBB said yesterday. Per-share earnings, however, are likely to be less resilient, the company said. Maxis is a chain of seven large-scale, self-service supermarkets in the Netherlands, employing 3,000. It has lost money over the past couple of years as buyers have shunned its lower quality goods, relating its limited product range and mass-scale displays. Garvey holding, which is paying cash for Maxis, operates several supermarket chains in the Netherlands, including Weltevreden, Grossierderij, Winkel Met Plezier and Bingo. Garvey is a holding company for the foreign interests of Co-op, the big West Germany foods retailer. KBB owns the Bijenkorf chain of department stores, the Hema chain of competitively-priced department stores, the Praxis chain of do-it-yourself stores and M&S clothing stores.

Milan bourse suspends troubled financial services concern

BY OUR FINANCIAL STAFF CONSOB, THE governing body of the Milan bourse, has suspended trading in Eurogest, the financial services group widely reported to be in financial difficulties. Consob also suspended Singest, Eurogest's fund management company, from the Florence and Genoa stock exchanges. Eurogest's main activities centre on Scotti Finanziaria, a property group, and Singest, which controls two unit trust funds. Eurogest said that Scotti possessed real estate holdings of L200bn (\$162.7m) while Singest managed funds totalling L150bn. However, one of Eurogest's trust funds had debts of L196bn, it said. Scotti has been under investigation by the Italian Industry Ministry since late 1986. The minister has made it clear it was determined to protect the interests of some 7,000 small investors. Eurogest said the group was holding talks with possible buyers for Singest, but declined to disclose names. One Milan broker said yesterday: "It is never easy to sell something when everyone knows you are in a hurry to unload." Eurogest shares stood at L1,806 at the beginning of 1987. They were suspended at L318.

Australian buys Israeli state group holding

BY Andrew Whitley in Jerusalem MR JACK LIEBERMAN, an Australian Jewish businessman, yesterday purchased the Israeli Government's 75 per cent holding in the state-controlled Paz fuel group for \$95m. The purchase, made through J.G.L. Investment, Mr Lieberman's Melbourne-based holding company, is the largest foreign investment made in Israel. It breaks a drought of many years' duration in which foreign investment has registered under \$20m a year. Mr Moshe Nisim, the Finance Minister, who signed the agreement yesterday with Mr Lieberman, described it as both an important step in attracting foreign investment and in the Government's privatisation programme. Businessmen say the credibility of the much-discussed programme had been cast in doubt because of the state's failure to find a buyer for Paz since it was first put up for sale in 1984. According to the minister, the proceeds from the sale will be used to reduce the public sector deficit. The Paz Oil Company, a wholly-owned subsidiary of Paz Properties (Israel), is the largest fuel distributor in Israel, with about 45 per cent of the local market. Group sales exceed \$1bn a year, but profits in the tightly regulated industry have been modest. The sale of the Government's holding in Paz comes almost exactly seven years, to the day, after they were purchased for \$27.5m - from Sir Isaac Wolfson, the leading British Jewish businessman and philanthropist. In a brief joint statement with the Finance Ministry, Mr Lieberman noted that this was the first of what he hoped would be other investments in Israel by his privately owned company.

Swiss finance unit for Nokia

BY Olli Virtanen in Helsinki NOKIA, the Finnish electronics group, will set up a finance company in Switzerland to service the financing needs of its newly-acquired foreign subsidiaries. Based in Geneva the new company will initially handle a quarter of the group's short term lending. The company's balance sheet will according to Mr Jorma Ollila, Nokia's finance director, amount to about FM1bn (\$250m).

Georg Fischer sales ahead

BY John Wicks in Zurich GEORG FISCHER, the Swiss engineering group, has increased group turnover by 6 per cent last year to SF2.1bn (\$1.56bn) from SF1.97bn. The parent company expects earnings for 1987 to be broadly maintained at about SF37m. The rise in 1987 sales was attributed to the delivery of two big orders in the foundry division. Group new orders remained at 1986 levels. Fischer also reported a narrowing of profit margins.

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By:  
The Industrial Bank of Japan Trust Company  
as Principal Paying Agent

February 2, 1988

**Bank in Liechtenstein AG**

has acquired

**Trainer, Wortham & Company, Incorporated**

which has merged with the bank's U.S. subsidiary

**BIL Management, Inc.**  
(New York)

The undersigned initiated this transaction and acted as financial advisor to Bank in Liechtenstein AG and BIL Management, Inc.

**BERKSHIRE CAPITAL CORPORATION**

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January 25, 1988

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## INTL. COMPANIES AND FINANCE

### John Elliott on changes within a family-run Indian conglomerate

# Goenka group looks to its image

MR HARSH GOENKA, the 30-year-old elder son of one of India's top industrialists, has taken over at an age which is unusually young even for India, where hereditary top management is common, especially among the Goenkas' Marwar business caste. His father initiated the move because he felt Harsh was ready and because he wants to spend his own time concentrating on the Haldia project and on turning round Gramophone Company of India, a loss-making HMV-based record company.

Chief executives of all the family's businesses, except Haldia and Gramophone, report to him, eventually gets under way. Mr Harsh Goenka has taken over at an age which is unusually young even for India, where hereditary top management is common, especially among the Goenkas' Marwar business caste. His father initiated the move because he felt Harsh was ready and because he wants to spend his own time concentrating on the Haldia project and on turning round Gramophone Company of India, a loss-making HMV-based record company.

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Harsh Goenka, chairman of RPG Enterprises

Mr Harsh Goenka. The top executives are all professionals from outside the family, apart from Harsh's younger brother Sanjiv, who is deputy managing director of Dunlop. They all have personal access to Mr R.P. Goenka. So in practice responsibility and authority is shared, with Harsh having a growing role and his father watching carefully.

But RPG is not strictly a holding company, because it does not own shares and the companies it embraces are officially only the "licensees" of its logo, which Mr Harsh Goenka describes as a "conceptual" link. This is done to avoid them being grouped together under India's Monopolies and Restrictive Trade Practices Act (MRTP) rules on common ownership and managerial control, which restricts industrial licensing freedom, especially on diversification into new product areas.

But he is trying to buy the assets of Nirlon Synthetic Fibres, a loss-making tyre cord and polyester yarn company, for Cent, which is also signing up a Rs160m chemicals plant collaboration with Texaco's West German subsidiary. In electronics, having failed to sign up two or three years ago with IIT of the US and Olivetti of Italy, there is a new Phillips Car Black Rs170m investment in a laminated electronics board plant with Allied Signal of the US, and a printed circuit boards project with Wu Grenville of Taiwan. Photocopyers and other office equipment are being planned with Ricoh of Japan for Murphy India, which needs a boost now that the Goenkas have bought a 20 per cent stake from Bank Organisation of the UK. In an attempt to improve another consumer goods operation, Witech, a loss-making razor blade company, is being merged with Asian Cables which was bought from another Indian company two years ago. Wilkinson Sword of the UK is taking a 17 per cent equity interest in the new company and an 18 per cent stake will be held by Philips Dodge of the US. Mr Harsh Goenka started his career in charge of a small loss-making cotton mill when he was 21, after graduating in economics at Calcutta. With professionals to manage the companies on a day-to-day basis, he does not think he is too young to take over the top RPG policy job. He wants to turn sluggish performance in consumer goods into successes, to move into the newer technologies and to develop international links for the trading activities which he started himself a year ago.

rate under the MRTP rules and has devised the license link to allow it to develop a conglomerate corporate image without complicating its MRTP problems. Family ownership is organised through about 35 closely held and little known finance companies. There are also cross-holdings among some of the industrial operating companies. But like a lot of India's large business houses, the Goenkas have only small financial stakes in many of their companies.

RPG ENTERPRISES	
TURNOVER (1987, Rs m)	
Cent Tyres	8,200
RPG International	7,100
Philips Car Black	700
Asian Cables	250
Witech	200
Wu Grenville	150
Murphy India	100
Wu Grenville Company	100
United Cables	100
Phillips Dodge	100
Trading group	100
Others	100
Dunlop India*	4,000

\*Dunlop is not formally part of RPG Enterprises but is a family business. Source: RPG

### Bid tussle may develop for NZ travel company

A TAKEOVER battle worth up to NZ\$200m (US\$133.4m) may develop this month for Omnicoorp Investments, a New Zealand travel company which has been forced to halt its rapid recent growth after its holdings turned sour in the stock market collapse. Omnicoorp's interests include a potentially significant role in the International Leisure Group, Mr Harry Goodman's UK travel group which owns Intasun and Air Europe. The Auckland company maintains that it "effectively owns 49 per cent of the voting capital" at ILG.

Inspectorate International, the Swiss quality control group run by Mr Werner Rey, the financier, was granted clearance by the New Zealand Commerce Commission to acquire partial or full control of Omnicoorp. This, however, is a maximum which it could claim only if Mr Goodman, in unfavourable earnings circumstances, refuted the group he took private last year. The pressures on Omnicoorp, which relate instead to stakes in quoted New Zealand companies, last week attracted a third potential bidder.

Inspectorate International, the Swiss quality control group run by Mr Werner Rey, the financier, was granted clearance by the New Zealand Commerce Commission to acquire partial or full control of Omnicoorp.

### NOTICE OF EARLY REDEMPTION IRELAND

U.S. \$100,000,000 FLOATING RATE NOTES DUE 1989. Notice is hereby given that in accordance with Clause 4 (8) of the Terms and Conditions of the above Notes, the Republic of Ireland has elected to redeem all of the outstanding Notes at par on the next interest payment date 24th March, 1988, when interest on the Notes will cease to accrue. Repayment of principal will be made upon presentation and surrender of the Notes with all unattached Coupons attached, at the offices of any of The Paying Agents mentioned thereon. Accrued interest due on 24th March, 1988 will be paid in the normal manner against presentation of Coupon No. 12.

**HALIFAX BUILDING SOCIETY**  
 Floating Rate Loan Notes Due 1988 (Series A)  
 Interest Rate 8.50%  
 Interest Payment Date 28th February 1988  
 £ 30,000  
 £ 30,000  
 £ 30,000

**PIMA Savings and Loan Association**  
 US\$100,000,000 Collateralised Floating Rate Notes due 1989  
 In accordance with the terms of the Indenture, notice is hereby given that the Rate of Interest for the period 1st February, 1988 to 1st May, 1988 has been fixed at 7.3125 per cent per annum. The Interest Amount, as defined, of US\$18.26 will be payable on 3rd May, 1988.  
 Barclays de Zoete Wood Limited  
 Agent Bank

## Barclays Bank Base Rate.

Barclays Bank PLC and Barclays Bank Trust Company Limited announce that with effect from 2nd February 1988 their Base Rate is increased from 8½% to 9%

**BARCLAYS**

Reg. Office: 54 Lombard St., EC3P 3AH. Reg. No. 1026167 and 92080.

## FRENCH EQUITIES

**LEGRAND, LEGRAND** are pleased to announce the appointment of **Didier ALFANDARI** as head of the international trading department

**INTERNATIONAL TRADING DEPARTMENT**

- Didier ALFANDARI
- Véronique DEROIDE
- Christophe GABILLAUD
- William REED

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 36, rue Laffitte, 75009 PARIS

**LEGRAND**  
**LEGRAND**  
 AGENTS DE CHANGE

New Issue February 2, 1988

## EUROPEAN INVESTMENT BANK Luxembourg

DM 300,000,000  
 6½% Deutsche Mark Bearer Bonds of 1988/1998

Offering Price: 100%  
 Interest: 6½% p.a., payable annually on February 2  
 Maturity: February 2, 1998  
 Listing: Frankfurt am Main, Berlin, Düsseldorf, Hamburg and München

This advertisement appears as a matter of record only.

<p><b>Deutsche Bank</b> Aktiengesellschaft</p> <p><b>Commerzbank</b> Aktiengesellschaft</p> <p>Arab Banking Corporation - Daus &amp; Co. GmbH Bank für Gemeinwirtschaft Aktiengesellschaft Bayerische Hypothek- und Wechsel-Bank Aktiengesellschaft Joh. Borenberg, Goslar &amp; Co.</p> <p>Bankhaus Gebrüder Rothmann</p> <p>Dalwa Europe (Deutschland) GmbH DG BANK Deutsche Genossenschaftsbank Georg Henck &amp; Sohn Bankiers Kommanditgesellschaft auf Aktien Landesbank Rheinland-Pfalz - Girozentrale - Merck, Finck &amp; Co. Norddeutsche Landesbank Girozentrale Schweizerischer Bankverein (Deutschland) AG Weslar- und Westbank Aktiengesellschaft</p>	<p><b>Dresdner Bank</b> Aktiengesellschaft</p> <p><b>Westdeutsche Landesbank</b> Girozentrale</p> <p>Boden-Württembergische Bank Aktiengesellschaft Bank of Tokyo (Deutschland) Aktiengesellschaft Bayerische Landesbank Girozentrale Berliner Bank Aktiengesellschaft Citibank Aktiengesellschaft Delbrück &amp; Co.</p> <p>DSL Bank Deutsche Siedlungs- und Landesrentenbank - Girozentrale Hessische Landesbank - Girozentrale Landesbank Saar Girozentrale</p> <p>B. Metzler soel. Sohn &amp; Co. Sal. Oppenheim Jr. &amp; Cie.</p> <p>Simonbank Aktiengesellschaft M. M. Warburg-Brinckmann, Wirtz &amp; Co.</p>	<p>Sächsische Kommunale Landesbank - Girozentrale - Bankers Trust GmbH</p> <p>Bayerische Vereinsbank Aktiengesellschaft Berliner Handels- und Frankfurter Bank</p> <p>CSFB-Effektenbank</p> <p>Deutsche Girozentrale - Deutsche Kommunalbank - Hamburgische Landesbank - Girozentrale - Bankhaus Hermann Lampe Kommanditgesellschaft Heraud, Stein &amp; Co.</p> <p>J. P. Morgan GmbH Schweizerische Bankgesellschaft (Deutschland) AG Thinkaus &amp; Burkhardt KGaA</p> <p>Westfälische Bank Aktiengesellschaft</p>
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Notice to Noteholders

**U.S. \$30,000,000**  
**Goldstar Co., Ltd.**  
 (Incorporated in the Republic of Korea with limited liability)  
**Guaranteed Floating Rate Notes due 2000**  
 (Redeemable at the option of Noteholders in 1988, 1991, 1994 and 1997)  
 unconditionally and irrevocably guaranteed by  
**Lucky, Ltd.**  
 (Incorporated in the Republic of Korea with limited liability)

In accordance with the conditions of the Notes, notice is hereby given, that Noteholders may require the Issuer to redeem their Notes on the Interest Payment Date falling on the 27th April, 1988. To exercise this option, the holder of a Note should complete, sign and deposit an Exercise Notice at the specified office of the Paying Agent within the period beginning on 12th February, 1988 and ending on 13th March, 1988. The Issuer will pay, to each Noteholder who does not exercise the redemption option, on the 27th April, 1988 an extension fee of 0.5 per cent of the face amount on each Note.

Bankers Trust Company, London  
 2nd February, 1988

Agent Bank

GRANVILLE SPONSORED SECURITIES						
High Low	Company	Price	Change	Div (p)	% P/E	
206	133 Am. Brk. Int. Ordinary	186	0	8.9	4.8	7.0
207	145 Am. Brk. Int. CULS	188	0	10.0	5.3	
41	25 Amstar and Stocks	27	+1	2.7	1.1	
142	40 BBS Design group (USM)	55	0	2.1	3.7	8.8
108	108 Barton Group	155	0	2.7	1.7	26.5
136	95 Bray Technologies	147	+1	4.7	3.2	11.8
281	130 CCI Group Ordinary	299	+2	11.5	4.6	6.4
147	91 CCI Group 11% Conv. Prd	128	0	15.1	11.8	
171	130 Carborandum Ordinary	131	0	5.4	4.1	11.4
104	91 Carborandum 7.5% Prd	101	0	10.7	10.6	
120	87 George Blair	172	+1	3.7	2.2	4.4
143	68 Ibs Group	68	0	2.7	1.1	
104	59 Jackson Group	104	0	3.4	3.7	10.2
780	300 Multihuller NV (AmstD)	306	0	7.5	2.2	13.3
88	25 Record Holdings (USD)	90	0	2.7	4.7	11.7
115	83 Record Hldg 10% Prd (USD)	112	0	14.3	12.6	
91	50 Robert Jenkins	50	0	2.7	1.1	2.4
124	30 Scitronics	124	0	5.5	4.4	4.9
224	67 Tandy & Corfile	195	-2	6.6	3.4	9.5
71	32 Trevian Holdings (USM)	63	0	2.7	4.3	6.8
131	61 United Holdings (USD)	60	0	2.8	4.7	11.0
264	115 Walter Alexander	139	+3	5.9	3.7	11.8
220	190 W.S. Yeates	227	+2	17.4	7.7	22.7
170	67 West. Yorks. Ind. Hsp.(USM)	127	-3	5.5	4.3	13.5

Securities designated (USD) and (USM) are dealt in subject to the rules and regulations of The Stock Exchange. Other securities listed above are dealt in subject to the rules of FIMBRA

Granville & Company Limited  
 8 Lovat Lane, London EC3R 8EP  
 Telephone 01-621 1212  
 Member of FIMBRA

Granville Davies Coleman Limited  
 8 Lovat Lane, London EC3R 8EP  
 Telephone 01-621 1212  
 Member of the Stock Exchange

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# International Leadership

## M&A and Merchant Banking 1987

Since First Boston/Credit Suisse First Boston's merger and re-constitution, we have advised a record number of clients in all phases of M&A and Merchant Banking transactions. During the year, First Boston/CSPB advised over 100 international deals worth more than \$25 billion.

Overall, we combine our creativity and capital

with our global distribution, trading and financing capabilities to successfully arrange 215 M&A and Merchant Banking transactions worth a record \$65 billion. Of our total transactions in 1987, 110 were over \$100 million while 40 were under \$25 million. This demonstrates the unequalled depth and breadth of our M&A and Merchant Banking business.

A group of 175 professionals worldwide—dedicated solely to M&A and Merchant Banking—advises our clients from full service offices in London, New York and Tokyo as well as Atlanta, Boston, Chicago, Dallas, Houston, Los Angeles and San Francisco. Listed below are our 1987 international transactions.

Acquiring Company	Acquired, Selling or Target Company	Assignment or Form of Transaction	Approximate Size of Transaction
The British Petroleum Company p.l.c.	The Standard Oil Company	Cash Tender Offer for Remaining 45% Interest, Plus Warrants	\$7,992,000,000
American Hoechst Corporation	Celanese Corporation	Cash Tender Offer	2,830,000,000
Consolidated Gold Fields PLC	Newmont Mining Corporation	Acquisition of Additional 23.6% Interest Through Open Market Purchases	1,551,000,000
The Robert M. Bass Group and Aoki Corporation	Allegis Corporation	Divestiture of Westin Hotels & Resorts (Pending)	1,530,000,000
Montedison S.p.A.	Hercules Incorporated	Sale of 38.7% Interest in HIMONT Incorporated	1,488,000,000
Ladbroke Group PLC	Allegis Corporation	Divestiture of Hilton International Co.	1,070,000,000
Argyll Group PLC	Safeway Stores, Incorporated	Acquisition of Safeway Food Stores Limited	1,038,000,000
National Westminster Bank USA	First Jersey National Corporation	Merger for Cash (Pending)	820,000,000
Northern Telecom Limited	ITT Corporation	Acquisition of 24% Interest in STC PLC	730,000,000
Hawley Group Limited	ADT, Inc.	Cash Tender Offer	715,000,000
WFP Group plc	JWT Group, Inc.	Cash Tender Offer	566,000,000
Dainippon Ink and Chemicals, Incorporated	Reichhold Chemicals, Inc.	Cash Tender Offer	553,000,000
NEC Corporation and Compagnie des Machines Bull	Honeywell Inc.	Acquisition of Information Systems Business	527,000,000
Smiths Industries plc	Lear Siegler Holdings Corp.	Acquisition of Lear Siegler Avionics Systems	350,000,000
CIBA-GEIGY Corporation	Spectra-Physics, Inc.	Cash Tender Offer	264,000,000
Dillard Department Stores, Inc.	Campeau Corporation	Divestiture of the Joske's, Inc. and Cain-Stoan, Inc. subsidiaries of Allied Stores Corporation	255,000,000
Joh. A. Benckiser G.m.b.H.	Ecolab Inc.	Divestiture of Consumer Business	243,000,000
ARC America Corporation, a subsidiary of Consolidated Gold Fields PLC	American Aggregates Corporation	Cash Tender Offer	242,000,000
Bowater Industries plc	Rexham Corporation	Cash Tender Offer	241,000,000
BP North America, Inc.	Owens-Corning Fiberglas Corporation	Divestiture of HITCO	240,000,000
Quebecor Inc. and British Printing & Communications Corporation plc	Dofor Inc.	Divestiture of 56% Interest in Donohue Inc.	240,000,000
Dairy Farm International Holdings Limited	Kwik Save Group P.L.C.	Cash Tender Offer for 21.5% Interest	237,000,000
Tarmac PLC	Lone Star Industries, Inc.	Acquisition of 60% of Assets and Businesses based in Virginia and North and South Carolina	225,000,000
Hanson Trust PLC.	Kaiser Cement Corporation	Cash Tender Offer	202,000,000
Gambro AB	Rhône-Poulenc S.A. and Sandoz AG	Divestiture of Sopamed AG	187,000,000
Carson Pirie Scott & Company	Campeau Corporation	Divestiture of the Donaldsons, Inc. subsidiary of Allied Stores Corporation	155,000,000
Gruppo Ferruzzi	Companhia Agricola de Conservas Alimenticias - "CICA"	Sale of Controlling Interest	155,000,000
USG Corporation	Beecham Group p.l.c.	Divestiture of DAP Inc.	123,000,000
Lucas Industries plc	Becor Western Inc.	Divestiture of Western Gear Corporation	109,000,000
Hess's Department Stores, Inc., a subsidiary of Crown American Corporation	Campeau Corporation	Divestiture of the Millers Retail Stores Corporation subsidiary of Allied Stores Corporation	105,000,000
Hooker Corporation Limited	Campeau Corporation	Divestiture of the Bonwit Teller, Inc. subsidiary of Allied Stores Corporation	101,000,000
London International Group plc	HATU-ICO S.p.A.	Merger for Cash	100,000,000
Raleigh Stores Holding, Inc.	Campeau Corporation	Divestiture of the Garfinkels, Inc. subsidiary of Allied Stores Corporation	95,000,000
Pearson Inc.	Camco, Incorporated	Cash Tender Offer for Remaining 35% Interest	75,000,000
English China Clays P.L.C.	J. L. Shielly Inc.	Merger for Cash	73,000,000
Murphy Oil Corporation	Murphy Oil Company Ltd.	Purchase of Remaining 23% Interest	69,000,000
International Salt Company, a subsidiary of Akzo America Inc.	Diamond Crystal Salt Company	Divestiture of Salt Division (Pending)	65,000,000
Heidel KGaA	Beecham p.l.c.	Divestiture of U.K. and European Home Improvement Products Division	59,000,000
Federated Department Stores, Inc.	Campeau Corporation	Divestiture of the Block's, Inc. subsidiary of Allied Stores Corporation	55,000,000
Dubin Clark & Company, Inc.	Beecham Group p.l.c.	Divestiture of Roberts Consolidated Industries, Inc.	45,000,000
Dowty Group PLC	The Boeing Company	Divestiture of Hydraulic Units, Incorporated	43,000,000
TI Group plc	Armco Inc.	Divestiture of European Small Diameter Tubing Business	41,000,000
British Aerospace PLC	Reflectone, Inc.	Sale of 41% Interest (Pending)	28,000,000
Hillsdown Holdings Group plc	Wesray Capital Corporation	Divestiture of the Sleepzee Limited and Compagnie Continentale Simmons SA subsidiaries of Simmons Company	23,000,000
Nuclear Inc.	Northern Foods plc	Divestiture of Flagship Cleaning Services, Inc.	20,000,000
Crown Richter Inc.	Guinness PLC	Divestiture of Richter Brothers Incorporated	19,000,000
Avcorp Industries Inc.	Federal Industries Ltd.	Divestiture of Standard Aero Ltd.	Undisclosed
Bank Van Roesselare En Westvlaanderen	USLICO Corporation	Divestiture of Europabank N.V.	Undisclosed
Banque Bruxelles Lambert	USLICO Corporation	Divestiture of Credit Europeen S.A.	Undisclosed
Brownie Bottling Company	Fairwinds B.V.	Divestiture of Fairwinds U.S.A., Inc., a company owning all the shares of All-American Bottling Corporation	Undisclosed
Catherine's Acquisition Corporation, a newly formed corporation owned by Management and Citicorp Venture Capital	Campeau Corporation	Divestiture of the Catherine's, Inc. subsidiary of Allied Stores Corporation	Undisclosed
A company formed by Mr. Vinit Chitnis	Federal Industries Ltd.	Divestiture of PF Industries, Inc.	Undisclosed
The Diamond A Cattle Company and Lombro PLC	Atlantic Richfield Company	Divestiture of Certain Oil and Gas Properties	Undisclosed
Dillingham Construction Holdings Inc., a corporation owned by Management and Employees and SC-US, Inc., a U.S. subsidiary of Shimizu Construction Co., Ltd.	Dillingham Corporation	Divestiture of Dillingham Construction Corporation	Undisclosed
Dobson Park Industries plc	Allied-Signal Inc.	Divestiture of Revere Corporation of America	Undisclosed
The Kevin F. Donohoe Company, Inc.	Campeau Corporation	Divestiture of the Miller & Rhoads, Inc. subsidiary of Allied Stores Corporation	Undisclosed
Dynallectron Corporation	Federal Industries Ltd.	Divestiture of Certain Assets of Standard Aero (Western) Inc.	Undisclosed
The Dyson-Kluser-Mozza Corporation	Furigas N.V.	Acquisition of Principal Businesses	Undisclosed
GJS One Acquisition, Inc., a corporation owned by John Crowther Group plc, Shearson Lehman Brothers Inc. and Reginald F. Lewis	TLC Group, Inc.	Divestiture of The McCall Pattern Company	Undisclosed
S. Grumbacher & Son, Inc.	Campeau Corporation	Divestiture of the Pomeroy's Retail Stores Corporation subsidiary of Allied Stores Corporation	Undisclosed
Investor Group organized by Members of Vancouver Wharves Limited Management and Other Investors	Stolt Terminals Holdings B.V., a member of the Stolt-Nielsen Group	Divestiture of Stolt Terminals (Vancouver) Ltd., a holding company for Vancouver Wharves Limited	Undisclosed
King-Size Company, L.P.	Campeau Corporation	Divestiture of the Jerry Leonard Retail Stores Corporation subsidiary of Allied Stores Corporation	Undisclosed
Management Group	First Brands Corporation	Divestiture of First Brands South Africa, Inc.	Undisclosed
Management Group	Wesray Capital Corporation	Divestiture of the Simmons Japan subsidiary of Simmons Company	Undisclosed
Marubeni America Corporation	Bayer USA Inc.	Divestiture of Helena Chemical Company	Undisclosed
National Freight Consortium, p.l.c.	Allied Van Lines, Inc.	Merger for Cash (Pending)	Undisclosed
Optical Filter Corporation and The Rank Organisation Plc	Allied-Signal Inc.	Divestiture of Pneumo Precision, Inc.	Undisclosed
A company formed by Mr. Norman Paul	Hudson's Bay Company	Divestiture of Wholesale Operations	Undisclosed
The Perrier Group of America	Beatrice U.S. Food Corp.	Acquisition of BCI Arrowhead Drinking Water Co.	Undisclosed
Revlon Group Incorporated	Yves Saint Laurent S.A.	Divestiture of the Cosmetic, Fragrance and Beauty and Personal Care Business of Charles of the Ritz Group Ltd.	Undisclosed
Sandvik AB	Diamond Boart S.A.	Formation of Joint Venture to Combine Drilling Bits Operations and Related Businesses	Undisclosed
Schlumberger Ltd.	Allied-Signal Inc.	Divestiture of Neptune International Corporation	Undisclosed
Schwartzman Werke GmbH & Co.	General Mills, Inc.	Acquisition of Pioneer Products, Inc.	Undisclosed
Sulzer Brothers Limited	Technica Inc.	Acquisition of 60% Interest	Undisclosed
Tribeca Holdings Incorporated	Campeau Corporation	Divestiture of the Plymouth Retail Stores Corporation subsidiary of Allied Stores Corporation	Undisclosed
Tri-Gas Inc., a Newly Formed Corporation Organized by First Boston, Inc. and Management	American Air Liquide, Inc.	Leveraged Buyout of Certain Industrial Gas Operations and Related Assets with First Boston, First Boston Mezzanine Investment Partnership and Management as Investors	Undisclosed
YKK Corporation, a subsidiary of Yoshida Kogyo K.K.	Universal Fasteners, Inc.	Merger for Cash	Undisclosed

Note: First Boston/CSPB clients are indicated by bold print.

The First Boston Corporation  
Credit Suisse First Boston Limited

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

John Wyles on reactions to Ferruzzi's reorganisation plan

Gardini's grand design under fire

SCREAMS OF pain and outrage may not actually have echoed around the Milan stock exchange yesterday, but they could certainly be read into the pricing down of Montedison and its associated companies in the wake of Mr Raul Gardini's plan for reorganising his Ferruzzi-Montedison empire.

Mr Enrico Cuccia, the extremely old, extremely experienced and extremely anti-Schimberni emittance grise at Mediobanca, the state-owned merchant bank which is soon to be privatised.



Raul Gardini, exercising proprietorial rights

business establishment and, therefore, finely tuned to the needs of such business barons as Mr Giovanni Agnelli, Mr Leopoldo Pirelli and Mr Luigi Orlando.

Arlabank makes \$129m Third World provision

ARLABANK, the Bahrain-based consortium of 28 Arab and Latin American financial institutions, yesterday announced that it was making an extraordinary provision of \$129m "as a prudential measure" to cover a debt in the Third World.

Bond raises HK\$1.1bn with Japanese partner

BOND CORPORATION International, the Hong Kong-based company controlled by Mr Alan Bond, the Australian entrepreneur, has arranged with a Japanese partner for a HK\$1.1bn syndicated loan to complete the financing of his prestigious HK\$1.9bn Bond Centre development in Hong Kong.

Brazilian debt/equity fund from Morgan Grenfell

By Alexander Nicol in London and Ivo Dewdney in Rio de Janeiro

MORGAN GRENFELL and a Brazilian investment bank are establishing a fund to invest in Brazilian equities. The fund is likely to be the first through which Brazil's creditor banks will be able to exchange their loans under the country's debt/equity swap scheme.

Debt/equity funds have been started in other emerging market countries, including Chile. But a number of other attempts have so far failed.

Eurosterling issue falls foul of base rate rise

BY CLARE PEARSON

RAISING BROTHERS yesterday morning had the bad luck to launch a new \$50m Eurosterling bond for Commonwealth Bank of Australia just an hour before the Bank of England's surprise 1/2 percentage point increase in its dealing rates to 9 per cent.

Dealers said 10-year Eurodollar bonds lost about 80 per cent of their initial 1/2 per cent mark-up in mainly professional activity. Where seen, retail activity was mainly on the sell side.

In the new issues market, which dealers said had become saturated by the end of last week, yield differentials against US Treasury bonds widened markedly. A \$300m four-year bond for Fisatek Export Credit, for instance, was trading at a yield margin of about 70 basis points over the US Treasury yield.

The Swiss franc foreign bond market saw reasonable volume and developed a slightly firmer undertone. A SF200m 10-year 4 1/2 per cent bond for Sweden closed its first day's trading 1/2 point below its 100% issue price.

MoF approves non-life insurer plans

THE JAPANESE Ministry of Finance has approved plans by non-life insurance companies to sell five kinds of savings-related insurance products from April 1, Reuters reports from Tokyo.

plans for ordinary savings, savings for housing, and pension funds, according to MoF officials.

News of the ministry's decision helped to lift prices of the non-life insurance companies' shares on the Tokyo Stock Exchange.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with columns for US DOLLAR, YEN STRAIGHTS, OTHER STRAIGHTS, and FLUCTUATING RATE. Includes bond names, amounts, and prices.

MORGAN STANLEY

is pleased to announce the formation of

Morgan Stanley Global Securities Services Incorporated

a fully integrated service to support the global institutional investor

Morgan Stanley Trust Company

its wholly-owned subsidiary, has commenced operation as a global custodian

Morgan Stanley Global Securities Services (MSGS) was formed in December, 1987 to offer a fully integrated service to support the global institutional investor.

To conduct this new business, MSGS integrated advanced Morgan Stanley proprietary technology with a global data network linking transnational and domestic clearing organizations, agent banks and brokers to address the significant problems of international settlements.

Morgan Stanley Global Securities Services 1881 Avenue of the Americas, New York, New York 10020 (212) 703-4122

Morgan Stanley Trust Company 1 Evertrott Plaza, Jersey City, New Jersey 07302 (201) 915-9301

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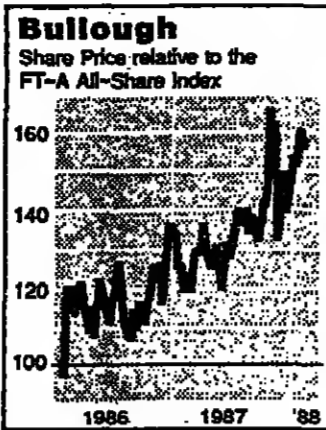


Bullough beats forecasts with 33% rise

By Maggie Urry

Bullough, the industrial holding group which has 23 operating companies, exceeded analysts' expectations in the year to October 1987...

Engineering trading profits rose from £2.7m to £3.6m, 16 per cent of the total. The acquisition of Brynmire in May and advances by several smaller companies offset a poor performance at Hago Products...



Bullough Share Price relative to the FT-A All-Share Index

comment

Bullough is one of the stock market's lesser known gems...

Sid still to collect on Gas dividend

By Philip Coggan

FIFTY THOUSAND British Gas shareholders, just under 2 per cent of the total, have still not cashed their first dividend warrants...

Ward White selling US shoe retailer to expand auto side

By Lucy Kellaway

Ward White, the acquisitive retail conglomerate, yesterday announced the sale for \$29m (£16.66m) of Hofheimers, a US shoe retailer...

Payment for the shoe chain consists of \$25m cash, and a \$4m 11 per cent loan note...

Security Archives up by 50%

By Dominique Jackson

Security Archives (Holdings), business data storage company, increased pre-tax profits by more than 50 per cent from £210,000 to £319,000...

Securiguard sees growth and plans further acquisitions

Securiguard Group, the security and cleaning organisation, reached its target in 1986-87 and started the current year well...

Mr Baldwin said current performance of CSG was encouraging. He remained confident that potential growth in the US merited further investment...

Shoralplan advances to £1.25m

Shoralplan, a designer and contractor of office interiors, which obtained a USM quotation last May, raised its 1986-87 profits from £772,000 to £1.25m pre-tax...

Abaco to enter job agency field

Abaco Investments, the professional services subsidiary of British & Commonwealth Holdings, has made its first move into the employment agency field...

Menvier-Swain profits rise 21% at midterm

The confident tenor of the chairman's statement at last September's annual general meeting was borne out by Menvier-Swain, USM-quoted manufacturer of emergency lighting and fire alarm products...

Tax accounted for £440,000 (£338,000) and, after minorities of £8,000 (£5,000), earnings per 5p share worked through at 7.2p against 5.8p last time...

Kenyon buy

Kenyon Securities, USM-quoted funeral director, has furthered its acquisitive ambitions via the purchase of Brown and Fenn, based in Suffolk...

Stockbroking side hits AC Holdings at midyear

THE OCTOBER stock market crash had an adverse impact on the stockbroking activities of AC Holdings and for the half year to end-December 1987 the company saw its profits fall from \$655,006 to £220,543 pre-tax...

Corporation, announced last month, would strengthen the asset base and hold out the prospect of increased earnings for the broking subsidiary...

Highgate & Job breaks even at the half year

Highgate & Job Group almost broke-even in the half year ended September 30 1987, cutting its loss from £191,000 to £1,000...

Wm Collins buys 60% of MSD

William Collins, publisher, is to pay \$4.5m cash for a 60 per cent interest in MSD Holdings. MSD markets a range of classical and popular records, cassettes and CDs...

First Spanish

First Spanish Investment Trust received total revenue of £287,215 in the period from August 13 1987 to November 30 1987...

Sommerville up 12% midway

William Sommersville & Son, paper manufacturer, raised pre-tax profits by 12 per cent from \$699,000 to \$782,000 in the half year to November 30, 1987...

without any contribution from the company's second paper making machine, which it is hoped to have running early in the new year...

Australian boost for Hampton

Hampton Trust, which became a subsidiary of Aurora Group of New Zealand last November, lifted its first half profit from \$637,000 to \$1,32m...

rise to \$2.4m (\$1.88m). Earnings were 1.30p (0.63p) and the interim dividend is again 0.5p...

Textured Jersey hits £605,000

A healthier set of figures was announced by Textured Jersey, manufacturer of knitted fabrics, in the half year to end-October 1987...

expected sales and profits for the full year to be comfortably in excess of last time.

DIVIDENDS ANNOUNCED

Table with columns: Current payment, Date of payment, Corresponding dividend, Total for year, Total last year. Includes companies like Armour Trust, Bullough, Duntley & Co, etc.

Nissan Finance U.K. Limited advertisement featuring a list of participating banks and financial facilities. Includes logos for Nissan and Kleinwort Benson Limited.

IN BRIEF

HOGG ROBINSON and Gardner Mountain - company's US subsidiary, Republic Hogg Robinson, has acquired Garson-Biau for an initial \$700,000...

BOARD MEETINGS

Table listing board meetings for various companies including BOC, Bax and Dax, Green (Earnings), etc., with dates.

Raeburn AN INCOME GROWTH INVESTMENT TRUST advertisement. Includes a bar chart showing Results for the Year Ending 30 November 1987 and Dividend Growth.



# Concorde Energy in £5m expansion

BY STEVEN BUTLER

Concorde Energy, the oil and gas exploration company, is spending £5m cash to acquire the UK oil and gas interests of Taylor Woodrow, the UK construction company, as well as some of its US oil and gas interests.

The acquisition would give Concorde a portfolio of UK oil and gas licences to add to its interests in the US.

Mr Alasdair Locke, chairman, said the acquisitions were part of Concorde's strategy of building itself into a large independent oil company, and part of a geographic diversification that would take it to West Africa and to the Far East.

"We don't want to be seen as just another UK company with assets in the US," Mr Locke said.

Concorde is 50.1 per cent owned by Mr Hubert Perreod, who has oil assets containing 70m barrels of proven reserves. Mr Locke raised the possibility that these assets would become part of Concorde's holdings.

Mr Locke stressed that Concorde was not simply interested in acquiring assets for investment purposes.

"We are not investors, we are very much operators," he said. The company planned to use cash flows from its producing properties to fund further exploration efforts.

The acquisitions from Taylor Woodrow include interests in 18 onshore and 5 offshore licences, including a variety of operatorships. Also included are interests in 29 wells in Ohio.

The company said that a revaluation of Concorde's existing properties showed an increase in the value of the company of 18.75p per share to 128p.

Concorde also said it had raised £235,000 by the issue of 1.5m ordinary shares at 55p to an investment client of Credit Suisse Geneva.

# Dunton rises to £0.3m

FIRST HALF profits of the Dunton Group rose from £180,000 to £261,000 pre-tax and the directors were looking for a satisfactory full year result.

In the six months ended November 30 1987 this USM quoted property developer, brick maker and engineering contractor lifted its turnover to £1.98m (£1.1m) and operating profit to £201,000 (£172,000). Share from the associate was £60,000 (£48,000).

Earnings came to 0.94p (0.65p) and the interim dividend is 0.26p (0.2p). In 1986-87 profit was £458,000 and the dividend 0.5p.

Profits from civil engineering increased and the advance had been sustained in the second half. Brick sales were strong and orders represented three months production.

# Blue Circle lifts stake in Birmid to 31.9%

BY MICHAEL SMITH

Blue Circle, cement company, yesterday bought 501,000 shares in Birmid Quileast to take its stake in the home products and foundries company to 31.9 per cent.

Birmid, which is fighting Blue Circle's £275m takeover attempt, said the number of shares traded yesterday confirmed its opinion that its predator was now picking up the loose ends of votes.

"It shows it is going to be a close thing," said Mr Mark Nicholls, a director at S.G. Warburg, advisor to Birmid. "We have got our tails up."

Blue Circle said it had extended a no-fee broking service for Birmid shareholders wishing to dispose of their interest. Anyone who takes shares and proof of identity to Campbell, Neill and Co in Glasgow and Fyfe, Horton, Finney in Birmingham will be given a post-dated cheque for the next day to the value of 380p a share.

# Merger delays put Imtec £2.6m in red

BY NIGEL CLARK

DELAYS IN achieving a planned merger and refinancing resulted in Imtec Group, USM-quoted micrographic product maker, suffering pre-tax losses of £2.62m for the 15 months to the end of June 1987 on turnover of £9.75m.

Of the losses, £1.65m occurred in the last three months of the period. Mr Gerald Frankel, chairman, said that because of the delays the company had been unable to obtain sufficient working capital and had to seek increased financial support from a major shareholder. In addition it had been impossible to achieve expected savings.

In a statement to shareholders he said that the losses had resulted in net assets falling below half its called-up share capital and that the company was in breach of its borrowing powers.

An extraordinary meeting is being held on February 15 to consider the situation.

Imtec announced in August last year that it was merging with Laser-Scan International and raising £1.46m via a rights issue. The issue was conditional on the merger going ahead but that proved impossible.

Mr Frankel blamed the delays on having to deal with the Securities Exchange Commission in New York where Laser-Scan was quoted.

"It has been intended to acquire the minority stake first and then merge the rest of Laser-Scan. But there were delays in dealing with the SEC and circumstances kept changing."

"We eventually decided it was better to acquire the majority and buy the minority later."

The rights issue is going ahead on the same basis as before - 19.6m shares are being offered at 10p on the basis of 1-for-24. Bolton House Investments is taking up its allocation and is underwriting the rest of the issue.

The shares, suspended since March last year, resumed yesterday opening at 8p and closing at 13p.

In the statement to shareholders, directors said because of the factors affecting the company the investment should be considered speculative and advised holders to seek professional advice before deciding on whether to take up their rights.

However Mr Frankel said that the problems were behind the company. Sales at Imtec Micro-graphic were rising and the intake of machine orders in the last three months of 1987 was 37 per cent higher than the corresponding period. In addition, Laser-Scan was reporting a number of large orders.

Stated losses per 10p share came out at 16.4p (3.4p). There were extraordinary items of £1.02m (£235,000).

# Waverley

Flavel Communications, a private investment company controlled by Mr Kevin Doyle, has acquired a further 2,500 shares in Waverley Cameron, bringing its total stake to 249,000 shares (25.87 per cent).

# COUNTY POTTERIES

has been granted options to acquire all the listed share capital of Royal Stafford China for a nominal consideration.

# LandLeisure £14m buy

LandLeisure, property and leisure group controlled by Mr Peter de Savary and Mr George Martin, is to buy the Sloane Club in London and a Manhattan hotel for £14.12m.

The Sloane, a residential club based in Lower Sloane Street, has 116 bedrooms together with restaurants, function rooms and other facilities.

# The mid-town Manhattan

property has 100 rooms and LandLeisure says that both it and the Sloane Club have considerable scope for development.

# £29m March prison complex

A. MONK BUILDING AND CIVIL ENGINEERING, a Davy Corporation Co, has been awarded a thirty-month £29m contract by the Government's Property Services Agency for the construction of a prison at March, Cambridgeshire. This is the second prison complex Monk has been awarded having recently completed HMP, Full Sutton, near York. The prison complex will provide living and

working accommodation, educational and recreational facilities for the inmates with associated staff, administrative and security facilities. Two and three storey buildings of reinforced concrete frame structures form the main accommodation, medical and reception blocks with single-storey buildings for the farms and garden units and work services. Other buildings include a staff social club, workshops and a gymnasium.

Other contracts recently awarded include a £2.4m by-pass at Bozeat for Northamptonshire County Council; a £4.5m superstore in Cheltenham for Argyle Stores (Property) and a third multi-screen cinema valued at £1.4m. Davy A.T.C. Mining has been awarded a £1.6m contract at Grimethorpe Colliery by British Coal, North Yorkshire Area.

# Offices for Equitable Life

SIR ROBERT MCALPINE & SONS has been awarded a contract worth £14.9m to build and fit out an office block with basement car park in Aylesbury for The Equitable Life Assurance Society.

The air-conditioned four-storey office building with basement car park and roof-mounted plant room will have a structural steel frame. The building will be clad with precast concrete panels faced with

in situ brick and double-glazed colour-coated aluminium curtain walling. Louvres and cladding will also be used to finish the roof-level plant room.

The flat roof will be finished with mastic roofing asphalt laid to falls with insulated light weight paving. The mansard plant rooms will have largely glazed opaque walls with profiled colourclad sheet metal roofing.

The building will provide a total floor area of about 14,000 sq metres. Office areas will have raised cavity floors with integrated trunking and will be finished with carpet tiles.

Ancillary works include the installation of all services, the provision of passenger lifts serving all floors, a goods bay loading lift and a document hoist. Additional external car parking will be provided and the surrounding areas landscaped.

# Textile factory for Gateshead

Design and construct orders worth more than £11m has been won by MOWLEM INDUSTRIAL, headquartered in Hexham, Northumberland. The largest, worth £2.1m, is for a 100,000 sq ft factory and offices at Team Valley, Gateshead, for English Estates North, acting on behalf of Bonas Machine Co, manufacturers of textile weaving machines.

order company. Washington Development Corporation is acting as agent for this £1.7m project.

In Yorkshire and Lancashire, three repeat orders, totalling £1.4m have been won a warehouse extension for Ringtons Tea at South Kirkby, a production building for Derwent Plastics at Pickering and the second phase of Tremco's factory at Wigan.

Other contracts in the North include advance factories at Gateshead and Whitby, valued

# Refurbishing West End offices

FAIRCLOUGH BUILDING has been awarded a substantial office refurbishment contract in London's Regent Street, by Randworth Trust. Under a six-week management fee contract, worth around £4m, Fairclough will upgrade and extend to eight storeys the office building at 6-11 Lower Regent Street, known as Charles House. The

existing seventh storey and part of the sixth will be demolished and rebuilt, with an eighth storey added to house the new plant room. A ground floor hall and reception area will be formed, featuring glass and marble finishes. Raised access flooring is to be installed in all office areas together with air conditioning. New mechanical and electrical services will be provided, including high-speed lifts, heating and ventilation, hot water and sanitary facilities. Windows to the front and rear elevations are to be replaced and new staircase lobbies provided. Scheduled for completion in October, the contract includes carpeting and redecoration throughout.

# £6m workload for Gostling Builders

GOSTLING BUILDERS has been awarded contracts together worth more than £6m. The largest, at about £2m, is for the refurbishment of Ealing Town Hall for the London Borough of Ealing. Also for the London Borough of Ealing, jointly with the governors of

the school, is a £1.4m contract for extensions to and refurbishment of Twyford High School, Acton.

Other projects include a 5m extension to Great Fosters Hotel, Egham, a Grade I listed building; a new church at Stough for Northampton Diocese (£450,000); the refurbishment of a store at Croydon for H & M Hennes (£516,000); a new office and storage building for Hudevad in Walton-on-Thames (£400,000) and two refurbishment projects in West London together worth about £500,000.

**BRITANNIA SECURITY**, the fast-growing business services group, is taking full control of Priory Security Services, which installs and maintains burglar alarms. Britannia already had a 30 per cent stake; it is paying £430,000 for the rest of the equity.

**BRITISH LINEN BANK**, the merchant banking arm of the Bank of Scotland, is taking a 3.9 per cent stake in Guidehouse, the financial services group which recently joined the USM. Guidehouse and BLB will co-operate on the financing of management buy-outs and other equity issues.

**CANNON STREET** Investments is acquiring Bosca (UK) for a maximum £9.8m. Bosca imports and distributes wines and spirits; in its initial 11 months trading to March 31 1987 it made profits of £92,000 and for 1987-88 is expecting £480,000. Initial consideration is £2m cash of which £1.6m, payable on completion. Additional consideration geared to profits.

**GREAT SOUTHERN GROUP** has bought Dundee Granta for £1.4m cash and the funeral business of Preston Ireland Bowker for £230,000 of which maximum £150,000 is loan notes. Dundee's profit for year ended March 31 1987 was £217,000. Preston operates three branches in Lancashire and Morecambe and acquisition provides platform for further expansion in north.

IMI is to sell its subsidiary IMI Hayes Metals to Amalgamated Metal Corporation. IMI Hayes is a metal merchant and stockist with sales in 1987 of £6m.

**MEYER INTERNATIONAL** has paid £2.8m for Sanco, builders' merchant of Oxford. The vendors will retain contracting and installation companies.

**NEIL & SPENCER** Shares of the laundry and machinery manufacturer have been suspended pending an announcement.

**NORTHERN FOODS** has agreed to buy the Evesham convenience food factory of Mattsons Wall's (part of Unilever) and £7.5m cash. Principal operation is the manufacture of sausage rolls for Marks & Spencer. Annual turnover after completion will be £14m.

**PRAGMATICAL INVESTMENT** made gross income £790,000 and taxed income £590,000 in half year ended November 30 1987. Net asset value per share 93.75p (104.04p at May 31). Interim dividend 1p and at least similar final forecast.

**REXWICK GROUP** has bought a total 775 acres of Kentucky farmland for \$3.16m (£1.77m).

**TRAFALGAR HOUSE** has sold its mechanical and electrical contracting subsidiary, Young Austen & Young, to Brightside Environmental Engineering. The new business will trade as Brightside-Yay.

**UNITED GUARANTEE**, a distribution, services and energy company, is buying Adena, a US oil and gas production group. The consideration of £2.7m will be satisfied by the issue of 10m shares.

## COMPANY NEWS IN BRIEF

### APPOINTMENTS

**Group managing director of Sketchley**

Mr Tony Coles, a director of SKETCHLEY and chief executive of the business services group, has been appointed group managing director. Mr Philip Bradshaw, a director and chief executive of the office equipment business, becomes deputy group managing director.

**GRAMPIAN PHARMACEUTICALS** has appointed Mr Bob Bridgeman, formerly managing director of Grampian's Caledonian Veterinary Holdings, as chief executive of the group. Dr Paul Bramley has been appointed director, research, development and production. Mr Brian Clark becomes director, sales and marketing. Young's Animal Health, with Mr Peter Simm becoming director, sales and marketing. C-Vet.

Mr John Yasomeani is made manufacturing director. Mr Jim Field and Mr Ray Austen have been appointed associate directors for Young's Animal Health Australia and New Zealand, respectively.

Mr John Nettleton has been appointed a non-executive director of PARKDALE HOLDINGS. He is finance and commercial director of Wates City of London Properties.

Mr Terry Sylvester has been promoted to director of operations, UNICLIFFE, consumer subsidiary of Pfizer.


**GIRDLESTONE PUMPS** Woodbridge, has appointed Mr Patrick Rice as company secretary.

**SAUNDERS DESIGN**, part of the WRCS Group, has appointed Mr Roland Penning as joint chairman. He was an executive director of Sears, and has been a non-executive director of Saunders Design since August 1987.

Miss Petrina Casell has been appointed administration director and Mr John Ellis communications director at the LIFE ASSURANCE ASSOCIATION.

Mrs Alison Branch has been appointed administration director of METCALFE COOPER, part of Hunter-Print Group.

Mr Graham E. Dowson has been appointed non-executive chairman of NASE INDUSTRIES. Mr John F. Nash remains a director.



**National Westminster Bank PLC**

NatWest announces that with effect from and including Tuesday 2nd February 1988 its Base Rate is increased from 8.50% to 9.00% per annum.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to NatWest Base Rate will be varied accordingly.

41 Lothbury London EC2P 2BP

**LADBROKE GROUP** has moved the headquarters of Hilton International to London. The company was acquired by Ladbroke last year. Mr John Jarvis, formerly chairman and chief executive of Ladbroke Hotels, has been appointed president as well as chief executive of Hilton International, while Mr Michael Hirst, a Ladbroke Group director, becomes deputy chief executive officer. Mr Hirst was managing director of Ladbroke Hotels. Mr Helmut Hoerman, previously president and chief executive officer of HI, remains in New York as a consultant.

**SAUNDERS DESIGN**, part of the WRCS Group, has appointed Mr Roland Penning as joint chairman. He was an executive director of Sears, and has been a non-executive director of Saunders Design since August 1987.

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S.G. Warburg & Co Ltd announces on behalf of European Investment Bank that in the six months preceding 16th January, 1988, £2,500,000 nominal amount of the above Loan Stock was cancelled pursuant to the provisions of the Purchase Fund relating to the above Loan Stock in respect of the twelve months purchase period ending on 16th July, 1988. As at 16th January, 1988, £91,500,000 nominal amount of the above Loan Stock was outstanding.

**S.G. Warburg & Co. Ltd.**  
Purchase Agent  
2nd February, 1988

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for  
*Kleinwort Benson*  
NOVEMBER 1987

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People's Republic of China

**FIRST**  
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OCTOBER 1987

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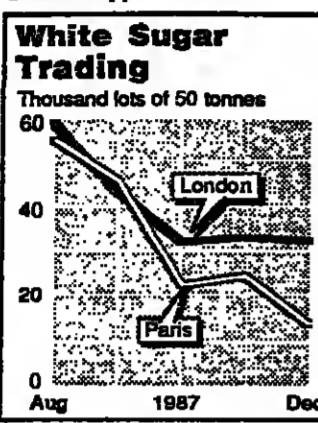
20 Fenchurch Street, London EC3P 3DB.

COMMODITIES AND AGRICULTURE

London builds up lead in white sugar contest

BY DAVID BLACKWELL

THE CENTRE of gravity in the world white sugar trade is moving to London - attracted by the London Futures and Options Exchange's successful marriage of an innovative white market with its long-established raw sugar futures.



Mr Jonathan Payne, chairman of the London Fox sugar futures market committee, stresses the importance of London's physical trade in white sugar.

Guayana strike enters second week

A STRIKE in the Guayana sugar industry has gone into a second week with little indication that the state-owned Guayana Sugar Corporation and the industry's trade union are any closer to resolving their differences.

which had started this year's first harvest. The company and the union have disagreed over the payment of production incentives.

Gulf aluminium expansion planned

PLANS FOR a significant expansion in aluminium smelting capacity in the Gulf are to go ahead after a year of record production in 1987.

"We're working on the basis of vast reserves in the US," said one industry consultant. "Everyone has agreed that a third smelter in the Gulf - and maybe a fourth - is possible."

US sees export potential in Britain

By Nancy Dunne in Washington

THE US Department of Agriculture has identified the \$16bn a year UK food market as one which is prime for penetration by American exports over the next few years.

On a list compiled by the Department's Foreign Agricultural Service of 20 best prospects for US exports, the UK is rated ninth. The falling dollar, cheaper US grain, and growing UK consumer spending are cited as factors contributing to the market's potential.

Surviving the bad times



By John Cherrington

ONLY A few years ago, when he was Minister of Agriculture, Mr Peter Walker was advising British farmers to increase their production so as to save imports of food.

telling us that by 1992 we shall have to take 30 per cent of productive land out of farming just to make up for the 2.5 per cent increase in productivity to be expected by then.

Farmers are baffled, but a consultant of my acquaintance, says he has the answers. First he looks at the rent. If there is a landlord he tells the tenant to get it halved for a start.

LONDON MARKETS

Table of LONDON MARKETS including COPPER PRICES, SPOT MARKETS (Crude oil, Gas, etc.), and GRAINS (Wheat, etc.).

COCOA 2 tonnes

Table of COCOA 2 tonnes prices with columns for Close, Previous, High/Low.

SUGAR \$ per tonne

Table of SUGAR \$ per tonne prices with columns for Raw, Close, Previous, High/Low.

GAS OIL \$/tonne

Table of GAS OIL \$/tonne prices with columns for Close, Previous, High/Low.

LONDON METAL EXCHANGE

Table of LONDON METAL EXCHANGE prices for Aluminum, Copper, Lead, Zinc, etc.

POTATOES 2 tonnes

Table of POTATOES 2 tonnes prices with columns for Close, Previous, High/Low.

LONDON BULLION MARKET

Table of LONDON BULLION MARKET prices for Gold, Silver, etc.

US MARKETS

Table of US MARKETS prices for CRUDE OIL, COCOA 10 tonnes, HEATING OIL, etc.

WHEAT UNDER THE SUBSIDISED PROGRAMME

Table of WHEAT UNDER THE SUBSIDISED PROGRAMME prices.

SILVER 5,000 Troy oz.

Table of SILVER 5,000 Troy oz. prices.

ORANGE JUICE 15,000 lbs.

Table of ORANGE JUICE 15,000 lbs. prices.

INDICES

Table of INDICES including REUTERS (Base: September 18 1981 = 100), DOW JONES (Base: December 31 1974 = 100), and SPOT and FUTURES.

CHICAGO

Table of CHICAGO prices for SOYBEANS, SOYBEAN MEAL, MAIZE, WHEAT, LIVE CATTLE, etc.

LONDON METAL EXCHANGE TRADED OPTIONS

Table of LONDON METAL EXCHANGE TRADED OPTIONS for Aluminum, Copper, etc.

TEA

Table of TEA prices with columns for Close, Previous, High/Low.

STERILIZED

MARKETS

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling bears caught offside

WITH MOST of the early play concentrating in the dollar's half, foreign exchange traders were ill prepared for the Bank of England's surprise decision to signal a rise in base rates yesterday.

Mr Robin Leigh-Pemberton's warning last week about a build up of inflationary pressure, fitted in nicely (albeit with hindsight) with the Bank of England's well publicised discomfort over a base rate level of 8% p.c. So the consequent scramble saw sterling rise earlier losses and finish towards the day's highs.

The dollar opened at a much higher level in London, having broken out of its recent trading range in Middle East markets, not normally regarded as innovators of market trends.

DEALERS WERE LESS COMMITTED in the early morning, but the market opened at a much higher level in London, having broken out of its recent trading range in Middle East markets.

STERLING INDEX

Table showing Sterling Index values for various currencies and regions.

CURRENCY RATES

Table showing currency rates for various international currencies.

CURRENCY MOVEMENTS

Table showing currency movements and changes in exchange rates.

OTHER CURRENCIES

Table showing rates for other currencies like Australian Dollar, Canadian Dollar, etc.

EXCHANGE CROSS RATES

Table showing exchange cross rates between various currencies.

LONDON MONEY RATES

Table showing London money rates for different terms and currencies.

FT LONDON INTERBANK FIXING

Table showing FT London interbank fixing rates for various currencies.

about the effects of a withdrawal of trade privileges for countries such as Taiwan and South Korea, exporting to the US.

So after all the early huffing and puffing, the dollar ended the day little changed from its higher opening.

The dollar closed at DM1.6915 up from DM1.5775 and Y129.35 compared with Y127.75.

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FINANCIAL FUTURES

Surprise at timing of rate rise

INCREASES IN UK bank base rates nearly always take the financial markets by surprise, according to Mr Nick Parsons, at Union Discount, while cuts in rates are generally the result of market pressure.

This was certainly true yesterday, when the markets were taken completely by surprise by the Bank of England's decision to increase its intervention rate, and thus signal to the clearing banks that base rates should be lifted to 9 p.c. from 8 1/2 p.c.

March long term gilt futures opened firmer at 121-20 on Liffe, but fell sharply to 119-16 when the authorities

announced it had raised its money market dealing rate. The contract recovered to close at 120-05, but still below Friday's finish of 120-30.

Mr Parsons added it was a sign of the determination of the authorities to assert leadership over the markets, and that with this move the Bank of England had gained a lot of prestige.

He pointed out that Mr Robin Leigh-Pemberton, Governor of the Bank of England, has warned more than once that interest rates might have to rise for domestic reasons, and that if the market chose to ignore this, its arguments were built on sand.

The dollar has been much stronger of late, and there is every indication that this week's programme of US Treasury auctions will be a success.

March US Treasury bonds opened at 95-16 on Liffe, but this was the day's peak. The contract closed at 94-19, against 93-17 previously.

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against the dollar in 1987/88 is 1.9906 to 1.6740. January average 1.6647. Exchange rate index 149.2 against 146.2 six months ago.

A desire to participate in this week's US Treasury auctions outweighed any natural desire to sell the US unit. Technical factors were sufficient to keep the dollar close to its opening levels, closing at DM1.6930, the same as the opening but up from DM1.6760 on Friday.

Traders suggested that recent dollar strength was slowly changing the views of many investors, who now saw an increased chance of some upward gains in the dollar's value.

JAPANESE YEN-Trading range against the dollar in 1987/88 is 160.45 to 121.25. January average 122.77. Exchange rate index 288.7 against 214.8 six months ago.

Demand for the dollar was strong in Tokyo. However some traders were unsure about how long this could be sustained. Central banks have already pledged not to let the dollar appreciate too much, and the completion of this week's Treasury refunding programme may remove some of the dollar's attraction.

The dollar closed at Y129.0 on Friday, but fell sharply to 119-16 when the authorities

announced it had raised its money market dealing rate. The contract recovered to close at 120-05, but still below Friday's finish of 120-30.

Mr Parsons added it was a sign of the determination of the authorities to assert leadership over the markets, and that with this move the Bank of England had gained a lot of prestige.

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Company Notices

M.L. HOLDINGS p.l.c. 7% Redeemable Preference Shares of £1

COMMERCIAL PROPERTY IN WEST END & VICTORIA

The Financial Times proposes to publish the above survey on Friday 26th February 1988.

For further information and Editorial Synopsis please call Joe Bell on 01 248 0769.

The London Motor Conference - Manufacturing, Components and the Aftermarket. London - 15 February, 1988.

IC INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0DD. Tel: 01-828 7233/5699

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on Monday, February 1, 1988.

Large table showing the world value of the pound against various international currencies.

Bank base rates 9%

Bank base rates 9%

FT LONDON INTERBANK FIXING

Table showing FT London interbank fixing rates for various currencies.

LONDON RECENT ISSUES

Table of London stock market recent issues, including columns for Series, Vol, Last, and Stock prices.

BASE LENDING RATES

Table of base lending rates for various banks and financial institutions, including columns for Bank Name and Rate.

AUTHORISED UNIT TRUSTS

Large table listing authorized unit trusts, including names like Abbey Unit Tr. Mgrs. (A), Abbey Unit Tr. Mgrs. (B), and various investment funds.

FT UNIT TRUST INFORMATION SERVICE

Large table providing detailed information for unit trusts, including names, managers, and performance metrics.

'Old Soldiers Never Die...' advertisement for the Army Benevolent Fund, featuring an image of a soldier and a person in a wheelchair.

FT CROSSWORD No. 6,545

Crossword puzzle grid with numbers indicating starting positions for words.

ACROSS and DOWN clues for the crossword puzzle, including '1 Depart disguised with case containing explosive (6)'.

Handwritten Arabic text at the bottom of the page, possibly a signature or note.

Handwritten text at the top center of the page, possibly a signature or initials.

FT UNIT TRUST INFORMATION SERVICE

Main table containing financial data for various unit trusts, organized into columns with headers like 'Company Name', 'Investment Focus', and 'Performance Metrics'. Includes sub-sections for 'INSURANCES' and 'Legal & General (Unit Policies) Ltd'.

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information. Columns include company names (e.g., Prudential Assurance Co Ltd, Royal Life Assurance Ltd), unit names, and numerical values. The table is organized into several vertical sections.

Handwritten Arabic text at the bottom center of the page, possibly a signature or stamp.



FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Handwritten note: 10/11/88

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Fund Manager, and other details.

BRITISH FUNDS

Table of British Funds, categorized into 'Shorts' (Lives up to Five Years), 'Five to Fifteen Years', and 'Over Fifteen Years', with columns for Name, Price, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails, listing international investment options with columns for Name, Price, and Yield.

AMERICANS

Table of American Stocks, listing US equities with columns for Name, Price, and Yield.

INTEGRATED BANK AND O'SEAS GOVT STERLING ISSUES

Table of Integrated Bank and Overseas Government Sterling Issues, listing specific financial instruments.

CORPORATION LOANS

Table of Corporation Loans, listing corporate debt with columns for Name, Price, and Yield.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African Loans, listing international debt with columns for Name, Price, and Yield.

LOANS

Table of Loans, listing various lending options with columns for Name, Price, and Yield.

Money Market Trust Funds

Table of Money Market Trust Funds, listing short-term investment vehicles with columns for Name, Price, and Yield.

Money Market Bank Accounts

Table of Money Market Bank Accounts, listing high-interest savings options with columns for Name, Price, and Yield.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American stocks with columns for stock name, price, and change.

CANADIANS

Table listing Canadian stocks with columns for stock name, price, and change.

BANKS, HP & LEASING

Table listing bank and leasing stocks with columns for stock name, price, and change.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for stock name, price, and change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for stock name, price, and change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for stock name, price, and change.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for stock name, price, and change.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for stock name, price, and change.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for stock name, price, and change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for stock name, price, and change.

ELECTRICALS

Table listing electrical stocks with columns for stock name, price, and change.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for stock name, price, and change.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for stock name, price, and change.

DRAPERY AND STORES - Contd

Table listing drapery and store stocks with columns for stock name, price, and change.

ELECTRICALS

Table listing electrical stocks with columns for stock name, price, and change.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for stock name, price, and change.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for stock name, price, and change.

ENGINEERING - Contd

Table listing engineering stocks with columns for stock name, price, and change.

ELECTRICALS

Table listing electrical stocks with columns for stock name, price, and change.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for stock name, price, and change.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for stock name, price, and change.

INDUSTRIALS (Miscel.) - Contd

Table listing industrial stocks with columns for stock name, price, and change.

ELECTRICALS

Table listing electrical stocks with columns for stock name, price, and change.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for stock name, price, and change.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for stock name, price, and change.

INDUSTRIALS (Miscel.) - Contd

Table listing industrial stocks with columns for stock name, price, and change.

ELECTRICALS

Table listing electrical stocks with columns for stock name, price, and change.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for stock name, price, and change.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for stock name, price, and change.

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LONDON SHARE SERVICE

INSURANCES - Contd

Table listing insurance companies and their share prices, including Royal Indemnity, Commercial Union Assurance, and others.

PAPER, PRINTING, ADVERTISING - Contd

Table listing companies in the paper, printing, and advertising sectors, such as Reederei, Reederei, and Reederei.

TEXTILES - Contd

Table listing textile companies and their share prices, including British Cotton Textiles, British Cotton Textiles, and others.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, finance, and land companies, such as British American Trust, British American Trust, and others.

OIL AND GAS - Contd

Table listing oil and gas companies, including British Petroleum, British Petroleum, and others.

MINES - Contd

Table listing mining companies, such as Anglo-American, Anglo-American, and others.

LEISURE

Table listing leisure companies, including British Leisure, British Leisure, and others.

PROPERTY

Table listing property companies, such as British Property, British Property, and others.

TOBACCO

Table listing tobacco companies, including British Tobacco, British Tobacco, and others.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies, such as British Trust, British Trust, and others.

OVERSEAS TRADERS

Table listing overseas trading companies, including British Overseas, British Overseas, and others.

THIRD MARKET

Table listing third market companies, such as British Third, British Third, and others.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies, including British Motors, British Motors, and others.

COMMERCIAL VEHICLES

Table listing commercial vehicle companies, such as British Commercial, British Commercial, and others.

FINANCE, LAND, ETC

Table listing finance, land, and other companies, including British Finance, British Finance, and others.

MINES

Table listing mining companies, such as British Mines, British Mines, and others.

PLANTATIONS

Table listing plantation companies, including British Plantations, British Plantations, and others.

NOTES

Notes section providing additional information and market commentary.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies, such as British Newspapers, British Newspapers, and others.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies, including British Paper, British Paper, and others.

SHIPPING

Table listing shipping companies, such as British Shipping, British Shipping, and others.

OIL AND GAS

Table listing oil and gas companies, including British Oil, British Oil, and others.

FINANCE

Table listing finance companies, such as British Finance, British Finance, and others.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks, including British Regional, British Regional, and others.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies, including British Paper, British Paper, and others.

SHOES AND LEATHER

Table listing shoes and leather companies, such as British Shoes, British Shoes, and others.

SOUTH AFRICANS

Table listing South African companies, including British South, British South, and others.

TEXTILES

Table listing textile companies, such as British Textiles, British Textiles, and others.

TRADITIONAL OPTIONS

Table listing traditional options, including British Options, British Options, and others.

IRISH

Table listing Irish companies, such as British Irish, British Irish, and others.

LONDON STOCK EXCHANGE

Bank's signal on base rates hits Government bonds and leading shares

Account Dealing Dates table with columns for First Dealing, Last Dealing, etc.

THE SIGNAL for higher base rates delivered by the Bank of England came as a bolt from the blue for the UK securities markets yesterday.

After the Bank's move, bonds closed with losses of more than a full point, having shed initial gains of around 1/2 point.

Bank of England's move, then down a net 1/4, but steady in the closing minutes. But the Bank's message on inflation prospects was not lost on the index-linked stocks, which ended with narrow mixed changes, after standing out against the trend of conventional Gilt.

Market specialists, while admitting to their surprise, recovered their poise before the end of a confusing session. There was little opportunity for selling prices crumbled and the retail buying at the close indicated that yields of 9 1/2 per cent will find support.

FINANCIAL TIMES STOCK INDICES table with columns for Govt Secs, Fixed Interest, Ordinary, Gold Mines, etc.

LONDON REPORT AND LATEST SHARE INDEX: TEL 01-0898 123001

In Shops, which provides shop space for small retailers units within larger stores, made a satisfactory market debut; the shares, placed at 52p, touched 60p before settling at 64p.

Matthew Clark featured a fresh gain of 18 at 378p amid hopes that Seagram's latest offer for Martell succeeds it will continue to distribute the latter's cognac in the UK.

Breweries traded quietly with most quotations closing a shade easier on the day. Vaux, however, continued to edge higher in the wake of continued speculative activity and closed a few pence better at 528p.

£22m and for 1988 from £32m to £28.5m. Adverse Press comment while Sears dipped late to close 3 1/2 lower at 189 1/2p.

British Aerospace, unsettled by week-end Press reports suggesting that British Airways is negotiating a price improvement in the dollar, advanced to 476p before settling a few pence easier on balance 467p.

Sentiment in the Property took a knock following the signal for higher base rates and the leaders, better at first, turned back quite sharply to close with moderate losses on balance.

Among Shippings, Walter Runciman featured a fresh gain of 15 at 268p amid continued speculative activity.

Traded option business contracted with the total number of contracts falling to 24,192. Calls accounted for 16,250 contracts, while puts came out at 5,942.

were not dismayed by the news: "currency fluctuations worked against GEC and it is logical for GEC to withdraw from the deal after unsuccessfully trying to renegotiate terms," said one analyst.

about of buying interest spearheaded by Nomura Securities, the leading Japanese securities profit-taking to end the day via a market raid, initially touched 180p.

from Royal Dutch. Grand Metropolitan, UK hotels and leisure group, touched 463p before closing a couple of pence dearer at 454p on a turnover of around 2.0m shares, despite being pipped at the post in the race for control of Martell, French cognac producer.

Seagram, Canadian drinks group, has come back with a new offer for Martell, which has been accepted by the Martell board. Disappointment that Grand Met is unlikely to gain control of Martell was tempered by the £40m net profit it stands for its 21.8 per in the French brandy group.

Moorgate Mercantile raced up to 140p before closing at 137p following the agreed bid from Woodchester the latter were finally 5c dearer at 163p.

Traditional Options

- First dealings Feb 1
Last dealings Feb 12
Last declarations May 5
For rate indications see end of London Share Service

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume for various stock indices and sectors.

RISES AND FALLS YESTERDAY

Table showing rises and falls in various financial categories.

LONDON RECENT ISSUES

Table listing recent issues of stocks, including company names, prices, and yields.

RIGHTS OFFERS

Table listing rights offers for various companies.

FT - ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table showing equity groups and sub-sections with indices for Monday February 1 1988.

FIXED INTEREST

Table showing average gross redemption yields for various fixed interest investments.

LONDON TRADED OPTIONS

Large table detailing LONDON TRADED OPTIONS with columns for Calls and Puts across various stock indices.

NEW HIGHS AND LOWS FOR 1987/88

Table listing new highs and lows for various stock indices and sectors.

\* Closing index 1797.3; 10 am 1797.1; 11 am 1798.2; Noon 1806.1; 1 pm 1792.3; 2 pm 1791.4; 3 pm 1794.1; 3.30 pm 1789.9; 4 pm 1785.5

WORLD STOCK MARKETS

FRANCE (continued) table with columns for stock names, prices, and changes.

GERMANY (continued) table with columns for stock names, prices, and changes.

NETHERLANDS (continued) table with columns for stock names, prices, and changes.

CANADA table with columns for stock names, prices, and changes.

JAPAN table with columns for stock names, prices, and changes.

AUSTRALIA (continued) table with columns for stock names, prices, and changes.

OVER-THE-COUNTER Nasdaq national market, closing prices table.

MONTREAL Closing prices February 1 table.

NEW YORK DOW JONES table with columns for date, high, low, and change.

INDICES table with columns for region, index name, and value.

CHIEF LONDON PRICE CHANGES YESTERDAY table with columns for stock name and price change.

Have your F.T. hand delivered in The Netherlands advertisement with contact information.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of stock prices with columns for stock name, price, and change. Includes various sectors like technology, energy, and healthcare.



Continued on Page 39

NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include 12 Month High, Low, Close, and various stock symbols like P, S, U, V, W, X, Y, Z.

Table of AMEX Composite Closing Prices. Columns include 12 Month High, Low, Close, and various stock symbols like A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter (Nasdaq) Closing Prices. Columns include 12 Month High, Low, Close, and various stock symbols like A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

